

25 November 2024

Dear Sir/Madam

**Keystone Asset Management Ltd
(Receivers and Managers Appointed) (Administrators Appointed)
ACN 612 443 008 (KAM or the Company)**

On 28 August 2024, Scott Langdon, John Mouawad and Michael Korda of KordaMentha were appointed as joint and several voluntary administrators of the Company.

On 5 September 2024, as determined by an order of the Federal Court of Australia in proceeding number VID 536 of 2024, pursuant to s447(a)(1) of the Corporations Act 2001 (**Act**) and / or s90-15 of the Insolvency Practice Schedule (Corporations) (being Schedule 2 to the Act), Scott Langdon, John Mouawad and Michael Korda of KordaMentha were removed as the administrators of the Company and Lucica Palaghia and I were appointed as the joint and several administrators.

Please find attached a report for your information that details the progress of the administration, information about the Company's business, property, affairs and financial circumstances and our opinion of what would be in the best interests of creditors for the future of the Company. The future of the Company is to be decided upon by the creditors at a virtual meeting being held on **2 December 2024 at 11:00AM (AEDT)** as detailed in the attached notice of meeting.

We highlight that the attached report has been prepared for the purposes of assisting creditors of the Company in deciding the future of the Company at the meeting of creditors. While certain information is included in relation to assets held by the Company in its capacity as Responsible Entity for the Shield Master Fund and as trustee for the Advantage Diversified Property Fund, and in its capacity as trustee for the Quantum PE Fund, this report is not a detailed assessment of the likely returns to investors from these funds. We refer investors to our website established for the purpose of sharing key updates in relation to the administration and concurrent receivership of KAM and assets under its control: <https://www.deloitte.com/au/en/services/financial-advisory/notices/keystone-asset-management-ltd.html>.

Should you have any queries regarding this report or the administration in general, please contact this office by email to shieldinvestors@deloitte.com.au.

Yours faithfully



Jason Tracy
Joint and Several Administrator

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Voluntary Administrators' Report to Creditors

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

Keystone Asset Management Ltd
(Receivers & Managers Appointed) (Administrators Appointed)
ACN 612 443 008

25 November 2024

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Glossary

26 June Orders	<p>On 26 June 2024, in the Federal Court of Australia Proceedings No. VID536/2024, Justice O’Callaghan made Court Orders which included the following: (i) Pursuant to sections 1323(1)(h) and (3) of the Corporations Act 2001 (Cth) and section 23 of the Federal Court of Australia Act 1976 (Cth) and the Court’s inherent jurisdiction, Jason Tracy and Lucica Palaghia of Deloitte be appointed, jointly and severally without giving security, to have full control of any bank account held in the name of the First Defendant, the Shield Master Fund, or beneficially held by either, until further order; and (ii) The First Defendant will provide to the Plaintiff by 23 July 2024 a report prepared by Jason Tracy and Lucica Palaghia of Deloitte on the financial position of the Shield Master Fund and the Advantage Diversified Property Fund.”</p> <p>Subsequent to the 26 June Orders, the date for providing a report was subsequently amended by Consent Order on 22 July 2024 as follows: The first defendant to provide to the plaintiff a report prepared by Jason Tracy and Lucica Palaghia of Deloitte on the financial position of the Shield Master Fund and the Advantage Diversified Property Fund be extended to 26 July 2024.</p>
27 August Orders	Order of the Federal Court of Australia in proceeding number VID 536 of 2024, pursuant to s1323(1)(h) of the Act, where Jason Tracy and Lucica Palaghia were appointed Receivers and Managers of the Property of KAM
Activam	Activam Group Pty Ltd
Administrators	Jason Tracy and Lucica Palaghia
ADPF	Advantage Diversified Property Fund
ADP Borrower Loans	Related entity SPVs which attend to residential and hotel developments
AEDT	Australian Eastern Daylight Time
AFSL	Australian Financial Securities Licence
Arbitrium DOCA or Arbitrium Proposal	Proposal for DOCA from Arbitrium Capital Partners
Archangel Ventures	Archangel Ventures, 2022 LP and Archangel Ventures 2022 Unit Trust
ARITA	Australian Restructuring Insolvency & Turnaround Association
ARSN	Australian Registered Scheme Number
ASIC	The Australian Securities & Investments Commission
ASIC Undertaking	ASIC will undertake not to bring or prosecute any claims, impose any statutory, regulatory, or other penalties or cancel, revoke, or suspend the Company’s AFSL in respect of any actions, steps, decisions, matters or events which occurred prior to the transfer of shares in KAM
ASX	Australian Stock Exchange
ATO	Australian Taxation Office
BDO	BDO Audit Pty Ltd
Bell Potter Securities	Bell Potter Securities Limited
Breaches	Potential breaches of the law applying to AFSL registered entities
c.	Circa

COI	Committee of Inspection
Colliers	Colliers Valuation Italy S.r.l
Colliers Valuation	Valuation prepared by Colliers for Chiodo Corporation as of 31 December 2023
Company or KAM	Keystone Asset Management Ltd (Receivers and Managers Appointed) (Administrators Appointed)
Deloitte	Deloitte SRT Pty Ltd
Deloitte Valuation	Valuation report prepared by Deloitte Financial Advisory S.r.l S.B. for Chiodo Corporation on 16 October 2023
Directors ROCAP	The ROCAPs prepared by the current and former directors
DIRRI	Declaration of Independence and Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
ETS	Equity Trustee Superannuation Ltd
Financial Position Report	Report on the financial position of SMF and the ADPF was delivered to the court on 27 July 2024
FY	Financial Year Ended 30 June
FEG	Fair Entitlements Guarantee Scheme
CF Capital or Investment Manager	CF Capital Investments Pty Ltd
IPR	Insolvency Practice Rules 2016 of the Corporations Act 2001
IPS	Insolvency Practice Schedule being Schedule 2 of the Corporations Act 2001
k	Thousands
KWM	King & Wood Mallesons
m	Millions
Malana	Malana Management Pty Ltd
Management	Management of the Company
New Quantum Holdings	New Quantum Holdings Pty Limited (In Liquidation) (Receivers and Managers Appointed)
MIM	Macquarie Investment Management Ltd
NDA	non-disclosure agreement
PDS	Product Disclosure Statement
Prior Administrators	Scott Langdon, John Mouawad and Michael Korda of KordaMentha
ROCAP	Report on company activities and property
Receivers	Jason Tracy and Lucica Palaghia appointed as Receivers and Managers pursuant to the 27 August Orders
RE	Responsible Entity
Relation back day	The date of appointment of administrators
Relevant Capacities	The Company in its capacity as RE for the Shield Master Fund and as trustee for the Advantage Diversified Property Fund and its capacity as trustee for the Quantum PE Fund

RID	Restructure Implementation Deed
RID Parties	The DOCA Proponent's special purpose vehicle, the Company, the Administrators, Jason Tracy and Lucica Palaghia in our capacity as joint and several receivers and managers of the property of KAM, Equity Trustees Superannuation Limited, Macquarie Investment Management Limited, Paul Chiodo, Ilya Frolov and ASIC
s	Section
sch	Schedule
Second Proposal	Proposal for DOCA from Mr Paul Chiodo
SMF	Shield Master Fund
SMF Constitution	Constitution for the SMF dated 28 April 2021
SPV	Special Purpose Vehicle
Tickled Pink International	Tickled Pink International Co. Ltd
The Act	Corporations Act 2001
The Court	The Federal Court of Australia or any of the state Supreme Courts
The Regulations	Corporations Regulations 2001
Third Proposal	Proposal for DOCA from Mr Roberto Filippini
Venice Proposal	The purchase of an interest in a hotel in Venice
YTD	Year-to-date
X	Times

1 Executive Summary

1.1 Appointment of voluntary administrators

On 28 August 2024, Scott Langdon, John Mouawad and Michael Korda of KordaMentha were appointed as joint and several voluntary administrators of the Company (**Prior Administrators**).

On 5 September 2024, as determined by an order of the Federal Court of Australia in proceeding number VID 536 of 2024, pursuant to s447(a)(1) of the Corporations Act 2001 (the **Act**) and / or s90-15 of the Insolvency Practice Schedule (Corporations) (being Sch 2 to the Act) (**IPS**), Scott Langdon, John Mouawad and Michael Korda of KordaMentha were removed as the administrators of the Company and Jason Tracy and Lucica Palaghia of Deloitte were appointed as the joint and several administrators (**Administrators**).

No replacement administrators were put forward at the first meeting of creditors held on 9 September 2024.

A Committee of Inspection (**COI**) was formed at that meeting, consisting of the following members:

Creditor	Nominated Representative
Chiodo Corporation Pty Ltd	Paul Chiodo
Macquarie Investment Management Limited	Chris Prestwich
Equity Trustees Superannuation Limited ATF Super Simplifier	Michael Tropea
Mark Yorston	Mark Yorston
CF Capital Investments Pty Ltd	Simon Milne

1.2 The role of voluntary administrators and purpose of this report

The purpose of the appointment of a voluntary administrator is to allow for independent insolvency practitioners to take control of and investigate the affairs of a company. Creditors' claims are put on hold as at the date of the voluntary administrators' appointment and remain so for the duration of the voluntary administration.

The intention of a voluntary administration is to maximise the prospects of a company, or as much as possible of its business, continuing in existence, or, if that is not possible, then to achieve better returns to creditors than what would have been achieved by its immediate liquidation. The voluntary administrator must investigate the company's affairs and report to creditors on the alternative options available to the company. A voluntary administrator has all the powers of a director, including the power to sell the business of the company or individual assets in the lead up to the second meeting of creditors.

The alternative options available for the future of a company, are voted on at a meeting of creditors, known as the second meeting of creditors. At this meeting creditors can decide to:

1. Return the company to the directors' control, or
2. Accept a deed of company arrangement (**DOCA**), or
3. Place the company into liquidation (also referred to as a 'winding-up' of the company).

The purpose of this report is to provide creditors with information regarding KAM's business, property, affairs and financial circumstances, including our opinion, to assist creditors to make an informed decision regarding the future of the Company at the second meeting of creditors.

1.3 Conduct of Administration

Upon appointment we took immediate steps to:

- Take control of the Company's own assets (largely being cash at bank).
- Liaise with key stakeholders, including directors, creditors and regulators regarding the voluntary administration of KAM.
- Receive, review and engage with parties expressing an interest in proposing a DOCA in respect of the Company and/or acquiring certain assets controlled by the Company in its capacity as Responsible Entity (**RE**) for the Shield Master Fund (**SMF**), as trustee for the Advantage Diversified Property Fund (**ADPF**), and its capacity as trustee for the Quantum PE Fund (together **Relevant Capacities**).
- Seek to obtain the Company's books and records to support our investigations with respect to potential breaches of the Act.
- Obtain approval from the Court for an extension of the convening period to provide sufficient time for:
 - Us to complete our investigations as set out in this report, and
 - Parties expressing an interest in proposing a DOCA to provide those proposals and for us to consider such proposals and make a recommendation to creditors regarding the future of the Company.

1.3.1 Concurrent appointment as Receivers and Managers

We note that prior to our appointment as Administrators, on 27 August 2024 by an order of the Federal Court of Australia in proceeding number VID 536 of 2024, pursuant to s1323(1)(h) of the Act (**27 August Orders**), Lucica Palaghia and I were appointed Receivers and Managers (**Receivers**) of the Property of KAM for the purposes of:

- Identifying, collecting and securing the Property of the First Defendant held in any of its Relevant Capacities;*
- Ascertaining the amount of the Investor Funds received by the [Company];*
- Identifying any dealings with, payments of, distributions of or uses made of the Investor Funds by the [Company];*
- Identifying any property purchased or acquired, directly or indirectly, with Investor Funds; and*
- Recovering Investor Funds.*

For the purpose of the 27 August Orders:

- Property means *all real or personal property, assets or interests in property of any kind, within or outside of Australia including choses in action and, by virtue of s 1323(2A) of the Corporations Act, any property held otherwise than as sole beneficial owner*
- Relevant Capacities means [in relation to the Company] *its capacity as responsible entity of the SMF, its capacity as trustee for the ADPF, and its capacity as trustee for the Quantum PE Fund; and*
- Investor Funds means *monies provided to the [Company] in its capacity as responsible entity of the SMF.*

The 27 August Orders required us to provide the Court with a confidential report on the above matters, as well as the solvency of the Company within 28 days of our appointment as Receivers. This report was submitted to the Court on 25 September 2024.

Our appointment as Administrators of the Company does not impact our appointment as Receivers pursuant to the 27 August Orders, which appointment continues alongside the administration, focussed on achieving the purpose of that appointment as set out above.

1.3.2 Extension of the convening period

On 18 September 2024, by an order of the Federal Court of Australia in proceeding number VID 536 of 2024, the convening period defined in s439A(5)(b) of the Act was extended to 25 November 2024.

Pursuant to the orders, the period within which the second meeting of creditors in the administration of the Company was required to be held pursuant to s439A of the Act was extended such that the meeting may be held at any time during the period up to, or within 5 business days after the end of the convening period. That is, the meeting can be held at any time up to and including Monday, 2 December 2024.

1.3.3 Recapitalisation process

Upon our appointment, we became aware that prior to our appointment the Company had been engaging with a number of parties with a view to potentially replacing KAM in its Relevant Capacities. We engaged with the Company's previous advisors in this process to understand the level of interest and obtain details of the parties that had expressed interest. We also made contact with former advisors to the Company in the period prior to our appointment to identify any other potentially interested parties.

On 8 October 2024, we wrote to the five (5) identified potentially interested parties seeking their proposals.

This process identified interest from three (3) parties seeking to propose a DOCA, which are discussed throughout this report and at **Section 9**.

1.3.4 Other issues

In our role as Receivers discussed at **Section 1.3.1** above, we have undertaken detailed investigations into the sources and uses of funds in SMF and ADPF in accordance with the terms of the Court's orders. We highlight that:

- This activity has been undertaken in our capacity as Receivers under the terms of the 27 August Orders, and not as Administrators of the Company.
- Accordingly, these investigations and subsequent actions brought in our role as Receivers are not discussed in detail in this report, beyond the extent that our findings reflect on KAM's role as RE and / or trustee.

1.4 Investigation, Offences and Voidable Transactions

Our investigations, whilst extensive are preliminary and we have formed the view that the Company may have been insolvent from 27 July 2024, being the date of the Financial Position Report (which is discussed in **Section 3.5** of this report). Further investigations are required with respect to this matter.

In our opinion, it appears that the financial records of the Company may not have been maintained in accordance with s286 of the Act, providing a rebuttable presumption of insolvency which may assist in certain recoveries available to a liquidator if appointed at the second meeting of creditors.

Our investigations have otherwise:

- Identified a number of potential breaches of the Act and director duties by the directors of the Company.
- Identified transactions, in particular director related party transactions that require further investigation to understand whether such transactions are void or voidable in the event the Company enters liquidation.

We consider that causes of action for trading whilst insolvent, voidable transactions and breaches of director duties *may* exist. We also note that a liquidator has greater investigative powers than an administrator or those granted to us in our capacity as Receivers pursuant to the 27 August Orders, including the power to conduct public examinations of relevant persons.

The investigations we have undertaken are discussed fully in **Section 7** of this report.

1.5 Deed of Company Arrangement (DOCA)

We received interest from three (3) parties in providing a DOCA proposal.

1. Arbitrium Capital Partners proposal (Arbitrium DOCA)

The Arbitrium DOCA would see the proponent (through an SPV) take control of the Company including in its Relevant Capacities.

While the Arbitrium DOCA suggests that it will provide for a return of 100c in the \$ to creditors, and a greater return to SMF and ADPF investors than a winding-up, we note that:

- a. Full repayment of creditor claims relies on the realisation of certain SMF assets to be applied to this (and other) purposes. The use of scheme or trust property to satisfy non-scheme/non-trust debts

would constitute a misappropriation of scheme or trust property. There is no apparent benefit to the SMF from this diversion of scheme or trust property where non-scheme and non-trustee creditors otherwise have no claim to scheme or trust assets. Accordingly, we are concerned that creditors will, in fact, not be repaid through the DOCA despite the claims of the proponent.

- b. There are significant legal impediments to effectuating the DOCA which are discussed in detail in **Section 9.2.3**.
- c. The upside purported to be delivered by the Arbitrium DOCA to investors is principally based on an alleged improvement in the value of a transaction on a hotel in Venice which KAM's former director Paul Chiodo is proposed to have an ownership interest in. We consider the valuation assumptions used to support the value upside to be unsupported and note that an alternative valuation based on actual performance of the asset provided a significantly lower value for the asset. Based on the material provided to us, we consider the proposal may lead to significant further losses for unitholders and investors.
- d. It requires investor funds to be locked-up for 12 – 18 months, as compared to a liquidation where there are liquid assets that will likely provide for a more timely return of funds to creditors and investors.

2. A Second Proposal

A Second Proposal received by the Administrators from Mr Chiodo was marked "without prejudice" and required the Administrators to sign a non-disclosure agreement (**NDA**) in order to be provided with any further information in relation to it. The Administrators do not consider it appropriate to execute an NDA to receive the information, in circumstances where the proposal would need to be put before creditors and other stakeholders for consideration.

Further, the terms of the proposal required terms that it would be necessary for the Administrators to engage with third-parties in order to understand the likelihood that the proposal could be capable of execution. The Administrators sought consent from Mr Chiodo's solicitors to share the proposal (and additional supporting information required for its consideration) with key stakeholders. This consent was denied.

Accordingly, the Administrators have been unable to give consideration to this proposal and it cannot be presented to creditors for consideration at the meeting of creditors.

3. A Third Proposal

A Third Proposal was received by the Administrators from Mr Roberto Filippini via his advisors, Pitcher Partners late Friday evening, 22 November 2024. The Administrators have not had sufficient time to be able to give proper consideration to his proposal as at the date of this report. A supplementary report will be presented to creditors in respect to his proposal for consideration at the meeting of creditors.

Creditors will be given the opportunity to vote on the Arbitrium DOCA proposal and any other proposal able to be put to creditors at the second meeting of creditors in the administration to be held on 2 December 2024. For a DOCA to come into effect, the majority of creditors present, either in person or by proxy, at the second meeting of creditors, who also hold the majority in value of creditor claims, will need to pass a resolution in favour of the DOCA.

The Arbitrium DOCA proposal received is discussed in detail in **Section 9** of this report, and a copy of it is attached at **Appendix F**.

1.6 Estimated return to creditors

1.6.1 Estimated return in a winding-up

Subject to the completion of our investigation into possible recoveries under the Act, we estimate a dividend to unsecured creditors in a winding-up of:

- If KAM is entitled to a full indemnity out of scheme or trust property up to and including 28 August 2024, 100 cents in the dollar (in the table below "Indemnified"), or

- If KAM is not entitled to a full indemnity out of scheme or trust property up to and including 28 August 2024, between 61 and 83 cents in the dollar (in the table below, “Not indemnified”).

Estimated Statement of Position - Wind Up	Book value	Indemnified	Not indemnified	
			Low	High
Return to unsecured creditors (cents in \$)	100	100	61	83
Return to shareholders of KAM	TBC	Nil	Nil	Nil

We are not aware of any secured or priority creditor claims against the Company.

Whether the Company’s creditors are ‘indemnified’ or not, is a matter which requires Court directions in circumstances where the Company may have breached its duties as RE of the SMF, trustee of the ADPF and trustee of the Quantum PE Fund.

We also note that the above estimates are qualified to the extent of claims of which are provable and admitted in a DOCA and or liquidation.

1.6.2 Estimated return under the Arbitrium DOCA

The Arbitrium Proposal purports to provide for full repayment of KAM’s creditors through assumption of those liabilities however:

- Full repayment of creditors relies on the realisation of certain SMF assets to be applied to this (and other) purposes.
- The use of scheme or trust property to satisfy non-scheme/non-trust debts constitutes a misappropriation of scheme/trust property.
- There is no apparent benefit to the SMF from this diversion of scheme/trust property where non-scheme/non-trustee creditors otherwise have no claim to scheme/trust assets.
- Accordingly, we are concerned that creditors will not be able to be repaid through the DOCA despite the proponent’s claims. In addition, there are significant legal impediments to effectuating the Arbitrium DOCA which are discussed in detail in **Section 9.2.3**. If the Arbitrium DOCA is unable to be effectuated then there is a significant risk that the Company will then end up in liquidation having incurred substantial additional costs through the DOCA process.

Our comments in relation to the estimated return to creditors in a liquidation and the Arbitrium DOCA are discussed in **Section 8** and **9** respectively.

1.7 Voluntary Administrators’ Opinion

In accordance with s75-225(3) of the Insolvency Practice Rules (IPR) we provide the following statements:

- It is our opinion that it is **not** in the best interests of creditors for the voluntary administration of KAM to end and control of KAM be returned to the directors, as it is insolvent and unable to fulfil its duties under its Australian Financial Services Licence (AFSL) and in relation to its Relevant Capacities.
- It is our opinion that it is **not** in the best interests of creditors to approve the Arbitrium DOCA as:
 - The Arbitrium DOCA’s explanation of how the payment of existing KAM liabilities will be funded is insufficiently detailed and in the case of creditors, unlikely to be achieved where KAM has likely acted in breach of its duties and may not be entitled to be indemnified from scheme or trust assets.
 - There are significant legal impediments to effectuating the Arbitrium DOCA, that we do not consider can be overcome. In particular, the DOCA proposal requires a court to vary the orders relating to the role of the Receivers and the Australian Securities and Investments Commission (ASIC) to enter into a deed poll which ASIC has advised is not appropriate.
 - The valuation of an asset in Venice, upon which the proponent asserted upside under the Arbitrium DOCA as compared to liquidation is almost entirely based, is unreliable. An alternative valuation based on actual performance of the asset provided a significantly lower value for the asset. Based on the

material provided to us, we consider the proposal may lead to significant further losses for unitholders and investors.

- It requires investor funds to be locked-up for 12 – 18 months, as compared to a liquidation where there are liquid assets that will likely provide for a more timely return of funds to creditors and investors.
- It is therefore our opinion that it is in the best interests of creditors for KAM to be wound up as it results in a faster and more certain return for creditors, potential recoveries arising from further prosecutions and investigations by the liquidators and protects unitholders from further downside risk associated with the Arbitrium DOCA.

The reasons for our opinion are discussed throughout this report including in **Section 9** which discusses in detail the Administrators' concerns with the Arbitrium DOCA.

1.8 Second Meeting of Creditors

Pursuant to s439A of the Act and in accordance with the orders made for an extension of the convening period discussed at **Section 1.3.2** above, the second meeting of creditors will be held virtually at **11:00AM (AEDT) on 2 December 2024**.

Formal notice of the meeting is provided at **Appendix A**.

Instructions for how to attend the meeting are contained at **Section 12** and **Appendix A**.

2 Introduction

2.1 Purpose of the appointment and report

The purpose of the appointment of administrators is to allow for independent insolvency practitioners to take control of and investigate the affairs of the insolvent company. Creditors' claims are put on hold as at the date of the administrators' appointment and remain so for the duration of the administration.

We are required to provide creditors with sufficient information and recommendations to assist them in making an informed decision on the Company's future. The purpose of this report is to provide that information and recommendations, including:

- Background information about the Company;
- The results of our investigations;
- The estimated returns to creditors;
- Details of the proposed DOCAs received; and
- The options available to creditors and our opinion on each of these options.

The provision of this report is a requirement under s75-225 of the IPR. The professional body for insolvency practitioners, the Australian Restructuring Insolvency and Turnaround Association (**ARITA**), provides guidance on what should be included in this report under Practice Statement Insolvency 4. We confirm that this report includes all matters recommended for inclusion and is compliant with the ARITA guidance.

2.2 First Meeting of Creditors

On 9 September 2024, a first meeting of creditors of the Company was held in accordance with s436E of the Act. At this meeting, our appointment as joint and several administrators was confirmed.

Also at that meeting, we advised that we would undertake an investigation into the affairs of the Company while we would consider proposals for restructuring and/or a sale of the business operated by the Company.

It was also resolved that a COI be formed. The following creditors volunteered and were elected as members:

Creditor	Nominated Representative
Chiodo Corporation Pty Ltd	Paul Chiodo
Macquarie Investment Management Limited	Chris Prestwich
Equity Trustees Superannuation Limited ATF Super Simplifier	Michael Tropea
Mark Yorston	Mark Yorston
CF Capital Investments Pty Ltd	Simon Milne

Pursuant to s80-35 of the IPS, the function of the COI is:

- To advise and assist the voluntary administrators of the Company;
- To give directions to the voluntary administrators of the Company;
- To monitor the conduct of the voluntary administrators of the Company;
- Such other functions as are conferred on the COI by the Act; and
- To do anything incidental or conducive to the performance of the above functions.

We have convened one (1) meeting of the COI to date which was held on 17 September 2024 to discuss the progress of the administration and the possibility of an extension of the convening period. Minutes of that meeting have been lodged with ASIC and copies will be made available to creditors on request.

2.3 Extension of Convening Period

Administrators are required by the Act to convene a second meeting of creditors within five (5) business days either side of the end of the convening period. The convening period is generally 20 business days after the date of appointment of administrators.

We formed the view that an extension of this period was required for the following reasons:

- The Administrators had met with parties that had expressed interest in providing a DOCA proposal;
- These parties had advised that they required a number of weeks to obtain information, conduct due diligence, present any information to their credit committee and liaise with ASIC; and
- In the absence of an extension of the convening period, there was insufficient time for the interested parties to put forward DOCA proposals and for the Administrators to consider these proposals.

Accordingly, we applied to the Federal Court of Australia on 18 September 2024 for an order extending the length of the convening period. This application was supported by all members of the COI at the COI meeting held on 17 September 2024. Pursuant to orders granted by the Court dated 18 September 2024, the convening period was extended to 25 November 2024.

A notice dated 18 September 2024 was forwarded to all creditors advising that the court had agreed to an extension of the convening period up to and including 25 November 2024.

2.4 Electronic communication

S600G of the Act allows voluntary administrators to make communications and notifications available for creditors to access electronically, such as via a creditors' portal. The voluntary administrators must notify creditors when information is made available electronically and provide instructions on how it can be accessed.

We have established the following mechanisms for communicating with creditors:

- Provision of information including circulars, copies of court orders and reports, via the Deloitte webpage here: <https://www.deloitte.com/au/en/services/financial-advisory/notices/keystone-asset-management-ltd.html>; and
- Lodgement of claims and proxy forms by email to shieldinvestors@deloitte.com.au.

2.5 Second Meeting of Creditors

Pursuant to s439A of the Act and s75-225 of the IPR, attached at **Appendix A** is a notice convening the second meeting of creditors of the Company will be held virtually at **11:00AM on Monday, 2 December 2024**.

At this meeting, creditors will be asked to decide, by passing a resolution, in respect of options available to them under the Act. We have recommended in this report that the Company be wound up. We have detailed the reasons as to why we consider this the best option for creditors in **Section 10** of this report.

At the meeting, creditors will also be asked to approve the remuneration and internal disbursements of:

- The Prior Administrators, for a total amount of \$101,099.50 (excluding GST); and
- The Administrators:
 - For the period from our appointment on 5 September 2024 to 15 November 2024, for an amount of \$236,091.00 (excluding GST).
 - For the period from 16 November 2024 to the conclusion of the administration to a capped amount of \$223,220.00 (excluding GST).

Creditors will also be asked to approve the future remuneration of the pending deed administrators or liquidators in the sum of \$150,000 or \$250,000 (both excluding GST) respectively.

Full details of the remuneration claims are found in the attached remuneration approval reports at **Appendix H** and **I**.

2.6 Administrators' independence, relationships and indemnities

In accordance with s436DA of the Act, a Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) was tabled at the first meeting of creditors held on 9 September 2024, provided to creditors by circular on 10 September 2024, and lodged with ASIC on 10 September 2024. The DIRRI disclosed information regarding our independence, prior personal or professional relationships with KAM and any indemnities received in relation to this appointment (in this case, no indemnities have been provided).

There have been no changes to circumstances or new information identified that causes a real or potential risk to our professional independence that requires us to update our DIRRI dated 9 September 2024 which is attached as **Appendix D**.

3 Background Information

3.1 Incorporation and Registered Office

A search of the ASIC database disclosed the Company was incorporated in Queensland on 17 May 2016. The Company's registered office is shown as c/- Chiodo Corporation, Unit 704, 434 St Kilda Road, Melbourne VIC 3004.

3.2 Shareholders, Officers and Security Interests

3.2.1 Shareholders

The Company is an unlisted public company, limited by shares. At the time of the voluntary administrators' appointment, there were 2,546,697 issued shares, each of \$1. All shares were fully paid.

3.2.2 Officers

The ASIC database indicates that during the 12-month period prior to the voluntary administrators' appointment the Company's directors and officers were:

Name	Position	Appointed	Ceased
Maadhvi Patel	Director	27 May 2024	Current
Louie Elias Kortesis	Director and Secretary	29 December 2023	14 November 2024
Paul Anthony Chiodo	Director	27 April 2020	27 May 2024
Mark Yorston	Director	27 April 2020	Current
Ilya Frolov	Director	27 April 2020	29 December 2023

3.2.3 Security Interests

A search of the Personal Property Securities Register does not reveal any perfected security interests.

3.2.4 Winding Up Applications

In June 2024, the Company received a statutory demand for payment from Activam Group Pty Ltd (**Activam**). The demand was for an amount of c. \$216k and related to amounts invoiced to the Company in February, March and April 2024.

On 10 July 2024, Activam filed an originating process in respect of the amounts that Activam claimed were due to them by the Company as detailed within the abovementioned statutory demand.

On 10 July 2024, Mark Yorston, a director of the Company, filed an affidavit in response to the originating process which sought to set aside the abovementioned statutory demand. In this affidavit, it was sworn that the statutory demand should be set aside on the basis that there is a genuine dispute between the Company and Activam about the existence of, or amount of the alleged debt to which the statutory demand relates, and (further or alternatively) that KAM has an offsetting claim, pursuant to s459H of the Act.

On 24 July 2024, the Supreme Court of Victoria provided orders with respect to this matter which included setting dates for Activam and the Company to provide affidavit material to support their positions with respect to the amounts claimed by Activam.

The Company was placed into voluntary administration before the application with respect to this matter was to be heard in the Supreme Court of Victoria.

Our investigations have not identified any other winding up applications prior to the appointment of voluntary administrators to the Company.

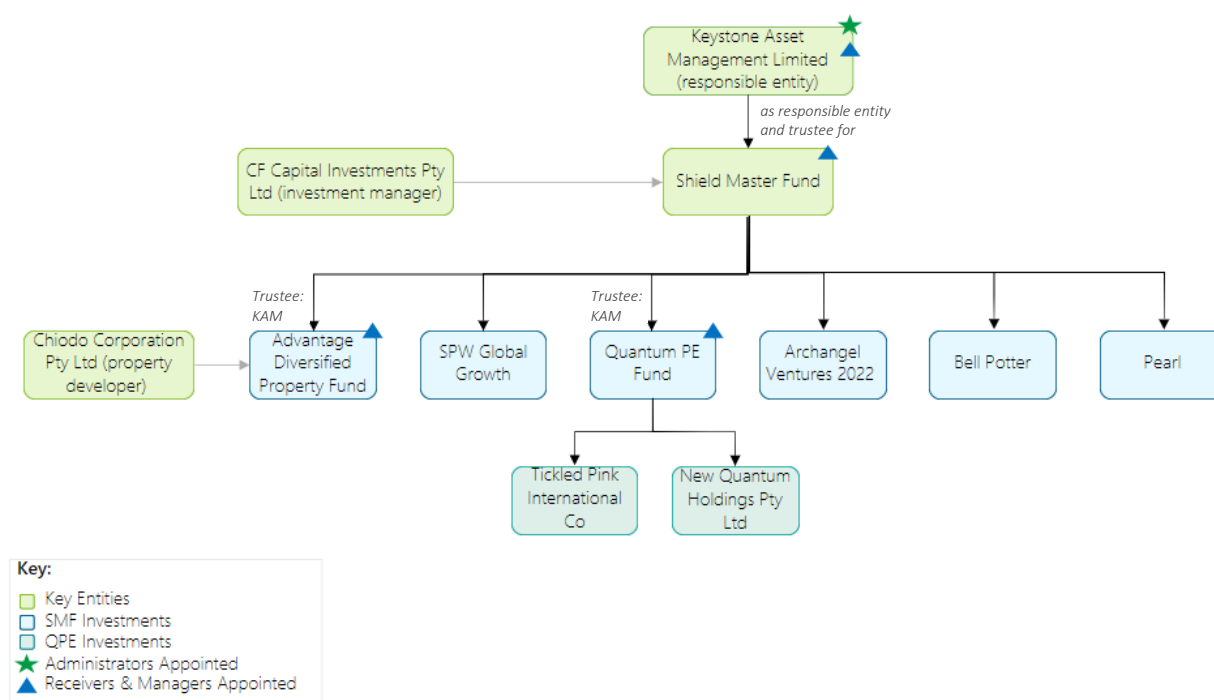
3.3 History of the Company

The Company was incorporated on 17 May 2016. It obtained an AFSL on 20 April 2017, being AFSL number 491477.

KAM was appointed as the RE of SMF on 24 May 2021 and as trustee of ADPF and Quantum PE Fund on 18 October 2021 and 11 August 2022 respectively, together Relevant Capacities.

3.4 Corporate structure

The illustration below shows the corporate structure within which the Company sits and the different roles. The Company's relevant capacities in relation to the SMF, ADPF and the Quantum PE Fund are discussed below.



3.4.1 Shield Master Fund

The SMF is a registered managed investment scheme that operates within Australia. The Australian Registered Scheme Number (ARSN) for the SMF is 650 112 057.

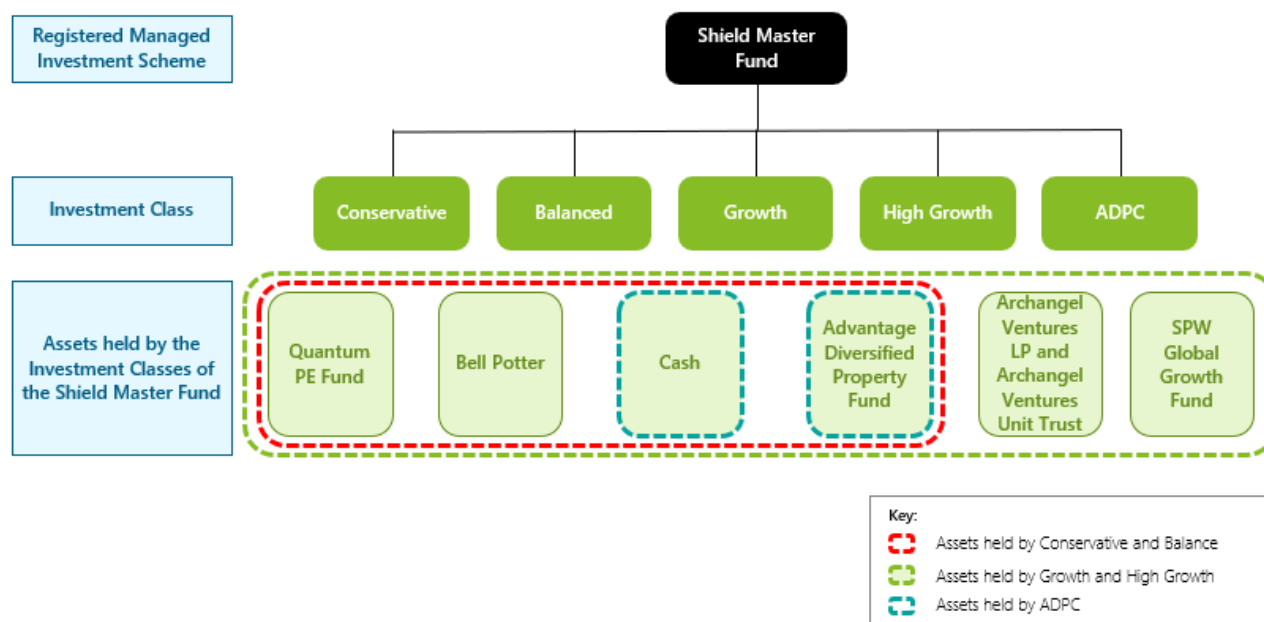
The SMF has several investment classes, including conservative, balanced, growth, high growth and the Advantage Diversified Property class.

The SMF's current investments include the following assets:

- Cash at bank** Includes ten (10) bank accounts.
- Listed equities with Bell Potter Securities**
This investment comprises exchange traded funds, listed investment companies and other securities with Bell Potter Securities Limited (**Bell Potter Securities**). Pearl previously held these equities and at the date of our appointment they held a nil balance.
- SPW Global Growth Fund**
This investment relates to units in the SPW Global Growth Fund.
- Quantum PE Fund**
This investment is in a related entity and relates to units held in the Quantum PE Fund. The key underlying investments are a convertible note issued by New Quantum Holdings Pty Limited (In Liquidation) (Receivers and Managers Appointed) (**New Quantum Holdings**) and shares in Tickled Pink International Co. Ltd (**Tickled Pink International**), which is the ultimate parent entity of subsidiaries, comprising four (4) café businesses. KAM is the trustee of Quantum PE Fund.

- e. **Archangel Ventures, 2022 LP and Archangel Ventures 2022 Unit Trust (Archangel Ventures)**
This investment is a partnership interest in Archangel Ventures 2022 limited partnership and ordinary shares held in the Archangel Ventures 2022 Unit Trust, and
- f. **The ADPF**
The investment relates to units in the ADPF. The ADPF is an unregistered managed investment scheme with its trustee being KAM. The key assets of the ADPF are loans to, and convertible notes with related entity special purpose vehicles (**SPVs**) for the development of underlying residential and hotel properties.

The SMF's investments held by each investment class is illustrated below. We have not considered for the purpose of this report the potential outcome for the different investment classes within SMF in the event those assets were realised or the DOCA discussed in **Section 9** were accepted by creditors. However, we note that investors in each class elected to invest in that particular class based on a Product Disclosure Statement (**PDS**) issued by KAM, based on (amongst other factors) their appetite for risk and expected returns on their investment. This is relevant in our consideration of the likelihood of effectuation of the Arbitrium DOCA discussed at **Section 9**.



KAM is the RE for SMF and has acted in this capacity since 24 May 2021.

Pursuant to s601FB of the Act, a responsible entity is required to operate a registered scheme “... and perform the functions conferred on it [responsible entity] by the scheme’s constitution and this Act [Corporations Act]”.

Pursuant to s911A of the Act, an AFSL is required for the operation of a registered managed investment scheme. KAM holds an AFSL numbered 491477 which is relied upon for the purposes of ensuring that the SMF complies with its obligations pursuant to s911A of the Act.

Over the course of our investigations, we have been provided with a copy of the constitution for the SMF dated 28 April 2021 (**SMF Constitution**). The SMF Constitution appoints KAM as the trustee and RE of the SMF. Pursuant to the SMF Constitution, KAM, in its capacity as the RE of the SMF “... must manage Scheme Property and perform its obligations to the Trust [SMF] under this document [SMF Constitution] and the Applicable Standards.”.

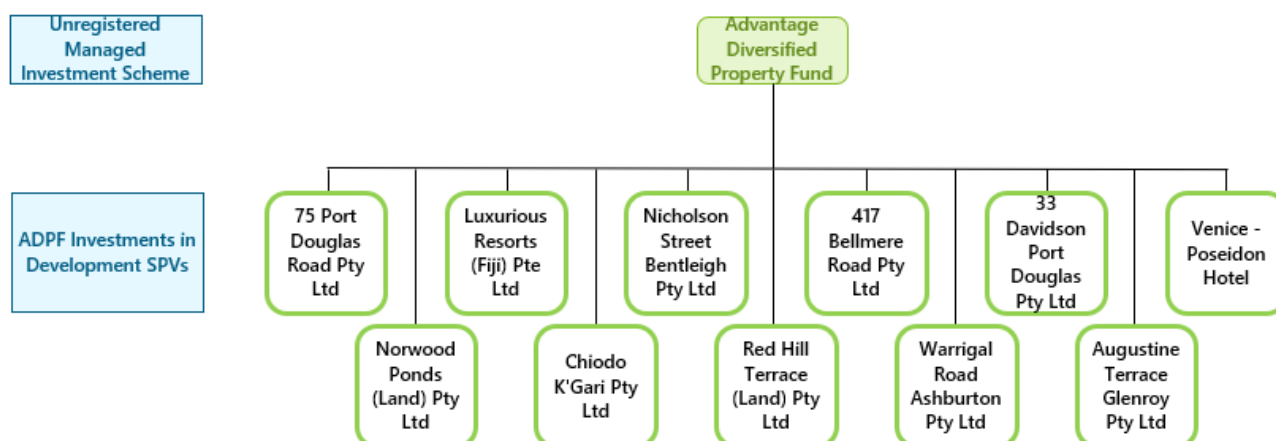
The property of SMF is subject to our appointment as Receivers described in **Section 1.3.1** of this report.

3.4.2 Advantage Diversified Property Fund

The ADPF is an unregistered investment scheme that operates within Australia. All units in the ADPF are held by investment classes of the SMF.

The ADPF's current investments principally relate to loans provided to, and a convertible note received from, related entity SPVs which attend to residential and hotel developments (**ADPF's Borrower Loans**). The developments which are being completed by the SPVs, are at various stages of completion with some developments having not received development approvals or being subject to amendments to lease agreements to proceed.

ADPF had loans and a convertible note to 11 SPVs which undertook property developments at the time of our appointment as illustrated below.



KAM is the trustee of the ADPF.

The property of ADPF is subject to our appointment as Receivers described in **Section 3.5** of this report.

3.5 Work undertaken by Deloitte prior to our appointment

On 26 June 2024, in the Federal Court of Australia Proceedings No. VID536/2024, Justice O'Callaghan made Court Orders (**26 June Orders**) which included the following:

"Pursuant to sections 1323(1)(h) and (3) of the Corporations Act 2001 (Cth) and section 23 of the Federal Court of Australia Act 1976 (Cth) and the Court's inherent jurisdiction, Jason Tracy and Lucica Palaghia of Deloitte be appointed, jointly and severally without giving security, to have full control of any bank account held in the name of the First Defendant, the Shield Master Fund, or beneficially held by either, until further order. ...

*The First Defendant will provide to the Plaintiff by 23 July 2024 a report prepared by Jason Tracy and Lucica Palaghia of Deloitte on the financial position of the Shield Master Fund and the Advantage Diversified Property Fund."*¹

A copy of the abovementioned Court Orders is provided at **Appendix J**.

Subsequent to the 26 June Orders, the date for providing a report was subsequently amended by Consent Order on 22 July 2024 as follows:

*"The first defendant to provide to the plaintiff a report prepared by Jason Tracy and Lucica Palaghia of Deloitte on the financial position of the Shield Master Fund and the Advantage Diversified Property Fund) be extended to 26 July 2024."*²

A copy of the abovementioned Consent Order is provided at **Appendix K**.

¹ Order of the Federal Court of Australia in proceeding number VID536/2024 – Australian Securities & Investments Commission v Keystone Asset Management Ltd

² Consent Order on 22 July 2024

Our report on the financial position of SMF and the ADPF was delivered to the court on 27 July 2024 (**Financial Position Report**). While the content of the Financial Position Report relates to SMF and ADPF and not specifically to KAM, it raises queries as to whether KAM had been performing its RE and trustee duties in accordance with the constitution and trust deeds and therefore whether KAM is entitled to be indemnified from scheme or trust property. This is relevant in our assessment of the solvency of KAM and the potential returns to creditors in a winding up, discussed in **Section 7 and 8** of this report respectively.

3.5.1 Previous work completed for King and Wood Mallesons in respect of KAM

Prior to the order of the Court discussed above, Deloitte had completed work for King & Wood Mallesons (**KWM**) in respect of the Company as summarised below.

On 8 February 2024, Deloitte was engaged by KWM to provide an independent review of the related party arrangements entered into by KAM as RE and trustee for the SMF. Shortly after, the scope of Deloitte's engagement was expanded to include a full sources and uses analysis of the funds under management in the SMF. I was informed by KWM at the time of being engaged that the engagement was subject to KAM's legal professional privilege.

Pursuant to the agreed engagement scope, we set out to undertake the following work:

Phase 1: Review of related party arrangements

- *Understand the current and proposed arrangements between Keystone and related parties, including:*
 - *Entity, legal and security structures.*
 - *Assets held by entity and value of those assets.*
 - *Key financing and other contractual agreements, including value of loans and amounts outstanding.*
 - *Management agreements.*
 - *Value of investor funds and forecast redemption cycles.*
 - *Review of public disclosure documents.*
- *Review and comment on the key terms of the related party arrangements, and the extent to which they reflected at least arm's length terms. To the extent that those arrangements do not reflect arm's length terms, providing recommendations in respect of amendments to the arrangements to ensure (to the extent possible) that they could be properly characterized as arrangements on arm's length terms.*

Shield Master Fund / Verification of Sources and Uses of Funds Under Management

Verifying the sources and uses of Shield funds under management by:

- i. Agreeing the funds invested in Shield to Boardroom registry records and bank statements.*
- ii. Where funds have been invested by Shield into ADPF:*
 - a. Agreeing the amount invested by Shield to ADPF unit registers and verifying payment to bank statements.*
 - b. For each of the loans advanced by ADPF to development SPVs, understanding the purpose of each drawdown request by agreeing loan drawdowns to:*
 - *The loan draw down notice.*
 - *Supporting documentation for each development cost included in the drawdown notice (such as development cost invoices, land acquisition and other contracts, construction claims).*
 - *Agreeing payment of the drawdown amount by ADPF to the ADPF bank statements.*
 - *For each drawdown amount received by the Developer from ADPF, agreeing payment of the development cost from the Developer's bank statement to third parties.*
- iii. Agreeing Shield's investment into the SPW Global Growth Fund, Archangle [sic] Ventures 2022, Fiducial SMA Funds and Direct Listed investments to third party statements.*
- iv. For all other Shield fund outflows: agreeing outflows to supporting documentation (such as invoices, investment management agreements) and verifying payment of the outflows to bank statements.*

Between 8 February 2024 and 10 May 2024, we undertook a significant amount of this work which was set out in the Affidavit of Jason Tracy dated 24 June 2024 in Proceeding No. VID536/2024, including:

- a) Undertaking procedures to verify the sources and uses of SMF's funds under management as set out in above at (i), (ii)(a), (iii) and (iv);
 - i. obtaining the Shield bank statements from 11 April 2022 to 19 February 2024;
 - ii. agreeing Shield bank balances per bank statements as at 19 February 2024 to the Shield general ledger;
 - iii. agreeing funds invested in Shield by unit class to the general ledger, Boardroom unit register as at 19 February 2024 and the Shield bank statements;
 - iv. agreeing the amount invested by Shield to Quantum to Boardroom unit registers and verify payment to the bank statements;
 - v. agreeing the amount invested by Shield to ADPF Unit registers and verify payment to bank statements;
 - vi. agreeing Shield's other investments to unit holding statements and bank statements;
- b) undertaking procedures to verify the sources and uses of Quantum PE Fund's funds under management as set out in above at (i) and (iii);
 - i. agreeing the amount invested by Shield to Quantum PE Fund to Boardroom unit registers and verify payment to bank statements;
 - ii. agreeing Quantum's investment in Tickled Pink International Co Ltd to supporting documentation and bank statements;
 - iii. agreeing Quantum's investment in New Quantum Holdings Pty Ltd (In Liquidation) (Receivers and Managers Appointed) to supporting documentation and bank statements;
- c) undertaking procedures to verify the sources and uses of the ADPF funds under management:
 - i. as set out above at (ii) above; and
 - ii. agreeing the ADPF bank balance per the bank statement, as at 19 February 2024, to ADPF General Ledger;
 - iii. for loan amounts advanced by ADPF to the SPVs, agreeing loan drawdowns per loan statements to ADPF bank statements;
 - iv. for each loan drawdown request, to agree the loan drawdown amount to:
 - A. a loan drawdown request between Chiodo Corporation (issued by former KAM director Paul Chiodo), and former KAM director Ilya Frolov;
 - B. independent third-party supporting documentation; and
 - C. payment by Chiodo Corporation agreeing to the supporting documentation;
 - v. based on the description in the supporting documentation, determine if the amount has been accurately included in the respective ADPF loan to the development SPVs, and:
 - A. if the ADPF loan has been accurately allocated to the respective SPV loan, categorise the amount based on the nature of the payment (e.g. development cost, construction cost, land, marketing etc); or
 - B. if the ADPF loan has been inaccurately allocated to the respective SPV loan, reallocate to the correct SPV loan. If it is determined that the ADPF loan does not relate to any SPV, then reallocate to 'Other' category and assess further;
- d) undertaking procedures in relation to the related party arrangements, however these procedures remain incomplete as at the date of this affidavit."³

A copy of the abovementioned affidavit is provided at **Appendix L**.

3.6 Receivers and Managers' report as to solvency

As discussed at **Section 1.3.1** above, the 27 August Orders included the following:

Order 4

³ Paragraphs 11 to 13 of the affidavit of Jason Tracy which was affirmed on 24 June 2024

*“Until further order, pursuant to s 1323(1)(h) of the Corporations Act, Jason Tracy and Lucica Palaghia of Deloitte Financial Advisory Pty Ltd be appointed as joint and several receivers and managers (**Receivers**), without security, of the Property of the First Defendant, for the purposes of:*

- a. identifying, collecting and securing the Property of the First Defendant held in any of its Relevant Capacities;*
- b. ascertaining the amount of the Investor Funds received by the First Defendant;*
- c. identifying any dealings with, payments of, distributions of or uses made of the Investor Funds by the First Defendant;*
- d. identifying any Property purchased or acquired, directly or indirectly, with Investor Funds; and*
- e. recovering Investor Funds.”*

Order 7

“The Receivers shall within 28 days of the date of this order provide to the Court and the parties a report as to the receivership of the Property of the First Defendant, including:

- a. a report in relation to the matter referred to in paragraphs 4(a) to (e) above;*
- b. an opinion as to the solvency of the First Defendant*
- c. an opinion as to the likely return to creditors and investors in the event that each of the First Defendant and the SMF were to be wound up; and*
- d. any other information necessary to enable the financial position of the First Defendant, the SMF and the ADPF to be assessed.”*

A copy of the 27 August Orders is provided at **Appendix M**.

3.7 Reliance on our previous work

Full details of our previous roles discussed in **Section 3.5** above were provided to the Court in providing our Consent to Act as voluntary administrators of the Company. The Court was satisfied that the work undertaken would not impact our independence and that there would be benefit to creditors in us bringing our knowledge developed during this work to the administration.

Accordingly, it is appropriate that in a number of sections of this report – in particular the sections that consider the background, historical financial performance, certain investigations (including the solvency of the Company) and estimated return from a winding up, rely upon our previous work (updated where relevant to reflect more recent information received) including our report to the Court pursuant to the 27 August Orders and the Financial Position Report.

4 Historical Financial Performance

4.1 Available financial information

We have obtained various books and records of the Company. The completeness and accuracy of the Company's books and records is discussed in further detail in **Section 7** of this report. For this purpose of this section of this report, we have primarily relied upon:

1. KAM's management accounts for the financial years ended 30 June 2021, 30 June 2022, 30 June 2023 and 30 June 2024 (**FY21, FY22, FY23** and **FY24** respectively).
2. KAM's management accounts for the period between 1 July 2024 and 28 August 2024 (**FY25 YTD**).

We note that while BDO Audit Pty Ltd (**BDO**) had been engaged by the Company to undertake an audit of its financial report for the year ended 30 June 2023 and an audit of the AFSL for the year ended 30 June 2023, the audit has not been completed and BDO lodged various reports to ASIC regarding its inability to complete the audit. This is discussed in further detail at **Section 7.3.3** below.

4.2 Profit & Loss

The profit and loss statements for the financial years FY21 to FY25 YTD are summarised below.

KAM Profit & Loss (\$)	FY21	FY22	FY23	FY24	FY25 YTD
Revenue and Income					
Trustee Fees	-	243,252	2,575,230	2,290,989	41,826
Other income	558	635	5,077	381,660	1,157
Total Revenue and Income	558	243,887	2,580,308	2,672,649	42,983
Costs and expenses					
Accounting and Audit Fees	20,463	37,092	445,371	691,556	3,648
Consulting Fees	58,390	117,879	155,423	593,361	41,146
Regulatory / compliance expenses	12,823	26,474	38,760	45,735	401
Administration expenses	142	31,313	57,515	276,078	-
Finance Costs	1,572	2,513	24,204	5,865	20
Legal Fees	105,332	113,285	51,701	2,415,251	962,289
Management fees	-	-	434,703	161,667	-
Other expenses	35,319	61,229	170,488	130,253	218,237
Total Costs and Expenses	234,040	389,785	1,378,166	4,319,766	1,225,741
Profit / (loss) before tax	(233,483)	(145,898)	1,202,142	(1,647,116)	(1,182,758)
Income tax benefit / (expense)	-	-	(161,951)	-	-
Profit / (loss) after tax	(233,483)	(145,898)	1,040,191	(1,647,116)	(1,182,758)

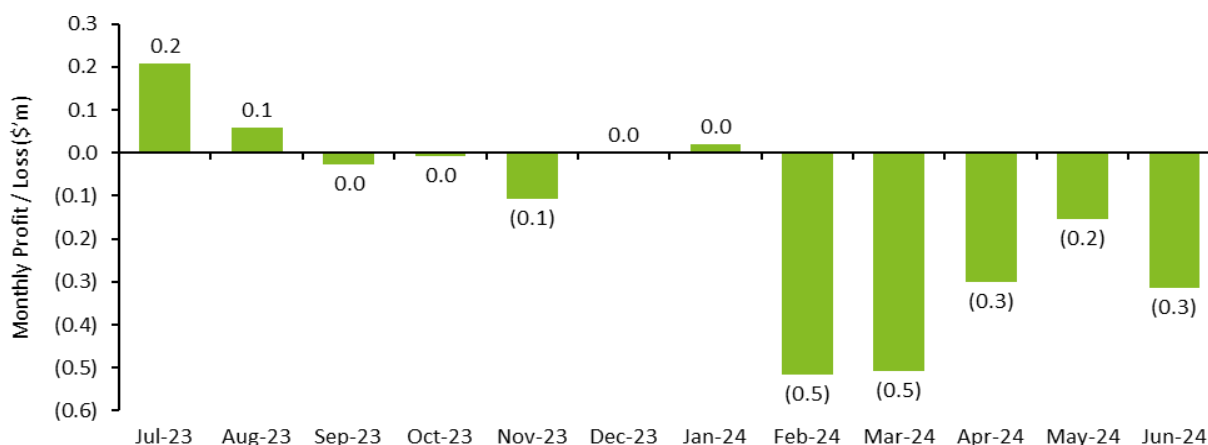
We provide the following analysis and commentary on the Company's profit and loss statements:

- KAM incurred accumulated losses of c. \$2.2m over the period of FY21 to the date of the appointment of administrators on 28 August 2024.
- In FY23, KAM's management accounts suggest that it generated a net profit after tax of c. \$1.0m.
- Despite an increase of revenue of c. \$92k (c. 3.6%) in FY24, KAM generated a net loss after tax of c. \$1.6m in this period (a c. \$2.6m deterioration in performance), primarily due to a material increases in the following costs:

- Consulting fees, which increased from c. \$155k in FY23 to c. \$593k in FY24 (an increase of c. \$438k); and
- Legal fees, which increased from c. \$52k in FY23 to c. \$2,415k in FY24 (an increase of c. \$2,364k).
- FY25 YTD performance reflects:
 - A material decline in income to an average of c. \$22k per month (compared to an average of c. \$223k per month on FY24).
 - Ongoing legal and other expenses.
- We understand that the material legal and consulting expenses incurred in FY24 and FY25 YTD relate to investigations commenced by ASIC resulting in Federal Court of Australia proceeding VID 536 of 2024.

4.2.1 Monthly profit/loss before tax

The chart below illustrates that financial performance of the Company deteriorated significantly from February 2024:



4.3 Balance Sheet

The balance sheets for the financial years FY21 to FY25 YTD are summarised below.

KAM Balance Sheet (\$)	FY21	FY22	FY23	FY24	FY25 YTD
Current Assets					
Cash and cash equivalents	305,567	188,129	1,718,094	948,260	962,344
Trade and other receivables	-	267,577	1,534,123	1,530,760	223,695
Other current assets	34,011	53,878	104,157	15,134	15,134
Total Current Assets	339,578	509,584	3,356,374	2,494,153	1,201,173
Non-Current Assets					
Loan and advances	-	121,685	(14,496)	-	-
Total Non-Current Assets	-	121,685	(14,496)	-	-
Total Assets	339,578	631,269	3,341,877	2,494,153	1,201,173
Current Liabilities					
Trade and other payables	28,150	44,836	241,300	630,936	618,021
Current tax liabilities	(13,769)	(8,970)	284,577	81,225	(16,082)
Other current liabilities	32,700	64,131	99,222	49,783	49,783
Total Current Liabilities	47,081	99,996	625,099	761,944	651,722
Non-Current Liabilities					

KAM Balance Sheet (\$)	FY21	FY22	FY23	FY24	FY25 YTD
Borrowings	65,124	-	-	282,547	282,547
Total Non-Current Liabilities	65,124	-	-	282,547	282,547
Total Liabilities	112,204	99,996	625,099	1,044,491	934,269
Net Assets	227,374	531,273	2,716,778	1,449,662	266,904

We provide the following analysis and commentary on the Company's balance sheet statements:

- In the FY24 period, the Company's net asset position deteriorated by c. \$1.3m.
 - This is in the context of a net loss after tax per the management accounts for the same period of c. \$1.6m. The biggest movements making up this movement were:
 - Decline in cash and cash equivalents of c. \$770k,
 - Increase in trade and other payables of c. \$390k, and
 - Increase in borrowings of c. \$283k.
- In the FY25 YTD period, the Company's net asset position deteriorated by c. \$1.2m.
 - This is in line with the net loss after tax per the management accounts for the same period of c. \$1.2m and is largely reflected in a reduction in trade and other receivables.

4.4 Working Capital Deficiency and Liquidity Ratio

Working capital is a financial measure which represents operating liquidity available to a company. Net working capital is calculated as current assets minus current liabilities.

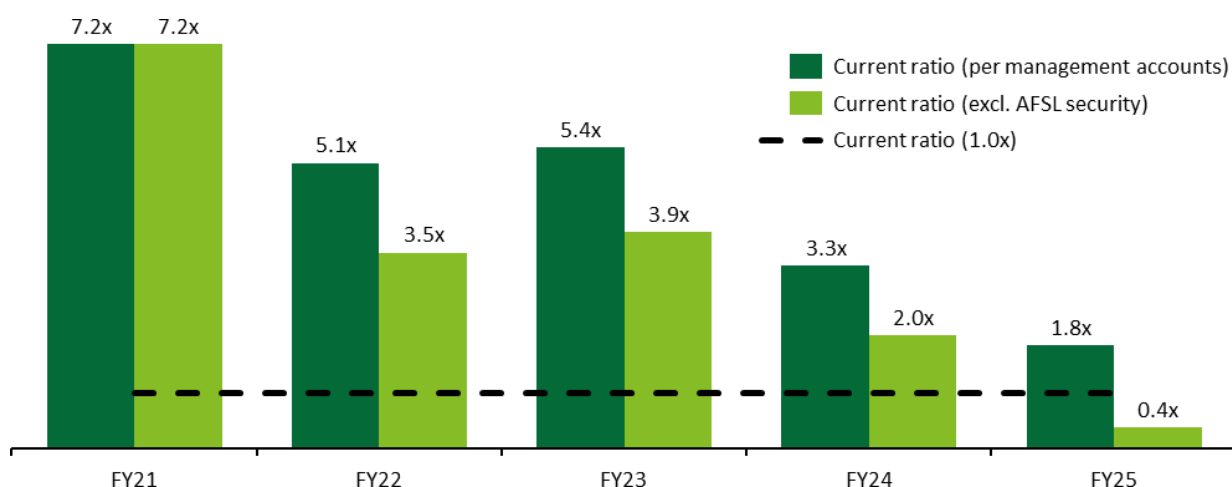
The liquidity ratio (sometimes referred to as the current ratio) below is a measure that is also used to determine a company's ability to pay its short-term debt obligations from its own short-term assets. It shows working capital in a ratio format. If there is a working capital deficiency, the ratio is less than 1. If the ratio is 1 or greater, the higher the value, the more able the company may be to meet its short-term debts.

\$m	FY21	FY22	FY23	FY24	FY25 YTD 28-Aug-24
Current assets	0.3	0.5	3.4	2.5	1.2
Current liabilities	(0.0)	(0.1)	(0.6)	(0.8)	(0.7)
Working capital	0.3	0.4	2.7	1.7	0.5
Current ratio	7.2x	5.1x	5.4x	3.3x	1.8x

However, we note that the majority of KAM's cash is not available to meet trading expenses due to it forming the security required for holding an AFSL. As a result, in the table below we have considered the impact on the current ratio when this cash is removed, as it is not a current asset of KAM in the ordinary course of business.

\$m	FY21	FY22	FY23	FY24	FY25 YTD 28-Aug-24
Current assets	0.3	0.3	2.4	1.5	0.3
Current liabilities	(0.0)	(0.1)	(0.6)	(0.8)	(0.7)
Working capital	0.3	0.2	1.8	0.8	(0.4)
Current ratio	7.2x	3.5x	3.9x	2.0x	0.4x

A chart illustrating the current ratio per management accounts and excluding the cash held in support of the AFSL security is below.



The above table illustrates the following:

- The working capital balance has deteriorated since FY23, despite remaining positive from FY21 to FY24, including on the exclusive-of-cash basis.
- The working capital became negative in the FY25 YTD period (i.e. between 1 July 2024 to 28 August 2024), once considered on the exclusive-of-cash basis.

The deteriorating working capital position is an indicator that the Company may have been experiencing cash flow difficulties.

4.5 Movement of Funds

The cash flow for the financial years FY21 to FY25 YTD are summarised below.

KAM Cash flow (\$)	FY22	FY23	FY24	FY25 YTD
Funds from trading				
NPAT	(145,898)	1,040,191	(1,647,116)	(1,182,758)
Non-cash items				
Less: Depreciation and amortization	-	-	-	-
Funds from trading	(145,898)	1,040,191	(1,647,116)	(1,182,758)
Working capital movements				
(Increase)/Decrease in receivables	(267,577)	(1,266,546)	3,364	1,307,064
(Increase)/Decrease in other assets	(141,552)	85,903	74,526	-
Increase/(Decrease) in payables	16,686	196,464	389,637	(12,916)
Increase/(Decrease) in tax liabilities	4,799	293,548	(203,352)	(97,307)
Increase/(Decrease) in other current liabilities	31,431	35,091	(49,439)	-
Working capital movements	(356,214)	(655,540)	214,734	1,196,842
Funds from operations	(502,112)	384,651	(1,432,382)	14,084
Funds from investing activities				
Additional issued capital	449,797	1,145,315	380,000	-
Funds from investing activities	449,797	1,145,315	380,000	-
Funds from financing activities				

KAM Cash flow (\$)	FY22	FY23	FY24	FY25 YTD
Proceeds/(Repayment) of Borrowings	(65,124)	-	282,547	-
Funds from financing activities	(65,124)	-	282,547	-
Net cash flow	(117,439)	1,529,966	(769,835)	14,084
Opening cash balance	305,567	188,129	1,718,094	948,260
Closing cash balance	188,129	1,718,094	948,260	962,344

We provide the following comments in respect to the Company's source and application of funds:

- In FY23, there was a material increase in receivables of c. \$1.3m, which aligns with the increase in revenue in this period. Receivables balances remained evidencable in FY24 and were largely collected during FY25 YTD.
- Cash flows were supported by material investment of new issued capital in each of FY22 (c. \$450k), FY23 (c. \$1,145k) and FY24 (\$380k).
- The Company received additional loans (borrowings) in FY24 of c. \$283k, being balances owed to ADPF (c. \$23k), Malana Management Pty Ltd (**Malana**) (c. \$150k) and Quantum PE Fund (c. \$110k).

5 Directors' report on company activities and property (ROCAP)

5.1 Summary

Under s438B of the Act, the directors are required to provide a ROCAP for the Company as at the date of our appointment within five (5) business days of receipt of the request from the Administrators or such longer period as the Administrators allow.

In our concurrent appointment as Receivers of KAM (refer **Section 3.5**) we requested that the directors complete a ROCAP pursuant to s429 (for current Directors) or s430 (for former directors) of the Act. The form of ROCAP directors are required to complete under this section is substantively the same as the form required from directors in a voluntary administration pursuant to s438B of the Act.

We confirm that we have received a completed ROCAP from each of the following directors following our request pursuant to s429/430 of the Act on the following dates. We have not received a ROCAP from the former director of the Company, Ilya Frolov.

Name	Date ROCAP received
Maadhvi Patel	13 September 2024 (additional information provided on 25 September 2024)
Louie Elias Kortesis	13 September 2024 (additional information provided on 25 September 2024)
Paul Anthony Chiodo	2 October 2024
Mark Yorston	13 September 2024 (additional information provided on 25 September 2024)

On 12 November 2024, we received confirmation that the directors had no changes to make and the same ROCAPs should also be considered to be the directors' response to our request pursuant to s438B of the Act.

The ROCAPs, together with the respective accompanying schedules have been lodged and a copy may be obtained from ASIC. Alternatively they may be inspected by contacting our office by email to shieldinvestors@deloitte.com.au, however this report reviews and incorporates much of the information disclosed in the ROCAP.

The information contained in each of the ROCAPs received is identical and we therefore collectively refer to the ROCAPs in the balance of this section as the Directors' ROCAP (**Directors' ROCAP**).

The Directors' ROCAP represents a snapshot of the asset and liability position of the Company on a going concern and forced asset realisation basis, as prepared by the directors. We provide a comparison of these values to the estimated realisable amounts for the benefit of creditors.

The book values shown in the Directors' ROCAP do not reflect actual returns to creditors.

5.1.1 Assets

The Directors' ROCAP discloses the following in relation to each class of asset. Our comments against each are included in the table below.

Asset class	Directors' ROCAP response			Administrators' comments
	Owed by the company (Y/N)	Book value (\$)	Estimated realisable value (\$)	
Bank accounts	Y	Unknown	Left blank	
Crypto assets or cryptocurrency	N	n/a	n/a	
Motor Vehicles	N	n/a	n/a	
Plant and equipment	N	n/a	n/a	
Inventory	N	n/a	n/a	
Real Property	N	n/a	n/a	
Other assets	N	n/a	n/a	
Property held on trust	N	n/a	n/a	
Trustee of a superannuation fund	N	n/a	n/a	
Debtors	Y	Unknown	Left blank	Relates to unpaid management fees in relation to KAM's role as RE for SMF.

Based on our investigations to date, we note that:

- The Company held two (2) bank accounts with Westpac Banking Corporation, with balances at the time of our appointment totaling \$990,498.40. These bank accounts are now under the Administrators' control.
- At the time of our appointment on 26 June 2024, the Company had not received management fees in relation to its role as RE for the SMF for the period from April 2024.
- We have not identified any other assets owned by the Company.

5.1.2 Liabilities

The Directors' ROCAP discloses the following in relation to each class of liability. Our comments against each are included in the table below.

Liability class	Directors' ROCAP response		Administrators' comments
	Owed by the company (Y/N)	Book value (\$)	
Employee entitlements	N	n/a	The Directors' ROCAP includes a schedule of outstanding liabilities totalling \$10,602,639.51.
Suppliers of goods and services	Y	n/a	
Government bodies	Y	n/a	
Landlords	N	n/a	
Leased equipment or transport	N	n/a	
Utilities	N	n/a	
Email and web service providers	N	n/a	
Banks	N	n/a	
Personal loans	N	n/a	
Tax	Y		
Other	N	Unknown	

Based on our investigations to date, we note that:

- The Company did not have any employees at the time of our appointment, and we are not aware of any entitlements owed to employees of the Company.
- The listing of creditors (all unsecured) included in the Directors' ROCAP is summarised below.

Creditor name	Amount owing (\$)	Related party (Y/N)
33 Davidson Street Pty Ltd	1.00	Y
75 Port Douglas Road	1.00	Y
ADPF	22,280.76	Y
APIR	3,849.00	N
Ariel & Associates	6,050.00	Y
ASIC	15,992.00	N
Augustine Terrace Glenroy Pty Ltd	1.00	Y
Australian Financial Complaints Authority	388.69	N
Australian Taxation Office	207,929.63	N
BDO Audit Pty Ltd	100,459.01	N
BMS Risk Solutions Pty Ltd	219,132.16	N
CF Capital Investments Pty Ltd	318,594.15	Y
Chiodo Corporation Pty Ltd	8,939,423.10	Y
Governanceworx (Philip Anthon)	27,898.36	Y
King & Wood Mallesons	128,166.03	N
KordaMentha	100,000.00	N
LTAC Holdings Pty Ltd	80,666.68	Y
Luxurious Resorts (Fiji) Pte Limited	1.00	Y
Malana	150,532.06	Y
Mark Yorston	70,000.00	Y
Nicholson Street Bentleigh Pty Ltd	1.00	Y
Norwood Ponds (Land) Pty Ltd	1.00	Y
Quantum PE	110,459.01	Y
Rigby Cooke Lawyers	6,727.74	N
Samadhi 8 Pty Ltd	46,749.24	Y
Savills Valuations Pty Ltd	7,700.00	N
Source Compliance Pty Ltd	4,216.30	N
Velocity Legal Pty Ltd	17,655.43	N
Warrigal Road Ashburton Pty Ltd	1.00	Y
Zimsen Partners	17,763.16	N
Total	10,602,639.51	

- We note that the Directors' ROCAP includes material related party liabilities, including an amount payable to Chiodo Corporation Pty Ltd of c. \$8.9m (84.3% of total liabilities listed in the Directors' ROCAP). In a number of instances, these amounts materially exceed the amounts listed in the books and records of the Company.
- At this stage, we have not undertaken an adjudication of creditor claims. While claims will be adjudicated for the purpose of voting at the meeting of creditors on 2 December 2024, we highlight that this will not be a formal adjudication of claims for dividend purposes. Formal adjudication of claims will only be undertaken once funds are available for distribution, and an application to Court may be required if there is uncertainty in respect of the appropriate amount for adjudication. For the purpose of estimating the return to creditors in a winding up at **Section 8** of this report, we have assumed creditor claims in line with the books and records of the Company.

5.1.3 Contingent Liability

As noted under Liabilities above, the Directors' ROCAP included seven (7) related party claims for an amount of \$1.00 each. We understand this reflects the directors' view that these claims are contingent liabilities that could not yet be quantified.

We note in this respect that:

- The Company's balance sheet includes materially less liabilities – a total of \$934,269 as at 28 August 2024.

- The listing included in the Directors' ROCAP appears to include a number of claims of related parties that are not recorded in the books and records of the Company.
- For the purpose of estimating the returns to creditors in liquidation in this report, we have included total liabilities of c. \$950k based on the books and records of the Company.

5.2 Explanations for difficulties

5.2.1 Directors' explanation

The directors have advised that the reasons for the Company's financial difficulties were as a result of the following:

- Reduced management fees, and
- ASIC obtaining freezing order, and the Company having no ability to pay its debts as and when they fall due without approval from an appointed third party (Deloitte).

The directors' explanation for the financial difficulties of the Company refer to the 26 June Orders discussed at **Section 3.5** of this report.

5.2.2 Administrators' opinion

In our opinion from a review of the Company's operations, correspondence and discussions with the directors, the Company's difficulties were also as a result of the following:

- In June 2024, ASIC commenced action to freeze the assets of the SMF as part of its ongoing investigation into the management of investor funds by KAM as RE for the SMF. These actions resulted in our appointment to (amongst other things) control the Company's bank account pursuant to the 26 June Orders, and as Receivers to certain assets pursuant to the 27 August Orders.
- It appears that the directors formed the view that the Company was or was likely to become insolvent as a result of the 26 June Orders and 27 August Orders, as it became unclear whether the Company could continue to receive an RE or trustee fee and/or rely on the indemnity (as RE and trustee) from the SMF assets to funds its costs, and accordingly whether the Company and its directors could discharge their duties.
- Our investigations in relation to the causes of failure of the Company are ongoing.

5.3 Outstanding winding up applications

We refer to **Section 3.2.4** regarding outstanding winding up applications.

6 The Administrators' Actions to Date

6.1 Actions to date

As detailed earlier in this report, prior to our appointment as Administrators, the Company's role was to act as the RE for the SMF, trustee for the ADPF and the trustee for the Quantum PE Fund.

As we have also been appointed as Receivers of the Property of the Company in its capacity as RE for the SMF, its capacity as trustee for the ADPF and its capacity as trustee for the Quantum PE Fund, our actions in the Company's administration have largely been limited to attending to our statutory obligations, investigations and considering various DOCA proposals. Details of our actions to date are summarised below:

6.1.1 Creditors

- Reviewing and responding to queries from creditors
- Preparing for and attending first meeting of creditors
- Preparing and lodging minutes from the first meeting of creditors with ASIC
- Preparing reports to creditors
- Reviewing creditor claims submitted over the course of the administration
- Liaising with legal advisers regarding creditor claims submitted over the course of the administration
- Adjudication of creditor claims for the first meeting of creditors
- Preparing for and attending COI meeting
- Preparing and lodging minutes from COI meeting

6.1.2 Assets / DOCA proposals

- Reviewing various proposals related to potential DOCAs
- Liaising with legal and other advisers regarding proposals related to potential DOCAs
- Reviewing various proposals related to the acquisition of the fund assets
- Liaising with legal advisers regarding proposals related to the acquisition of the fund assets
- Attending meetings with various relevant stakeholders to discuss potential DOCAs and proposals related to the acquisition of the fund assets

6.1.3 Investigations

- Arranging access to the Company's Xero electronic accounting file
- Reviewing books and records provided for the Company
- Preparing and issuing requests for documents to relevant third parties
- Consideration of obligations as RE and trustee of funds
- Liaising with legal advisers regarding obligations as RE and trustee of funds
- Conducting investigations with respect to potential breaches of the Act
- Preparing reports for ASIC regarding potential breaches of the Act

6.1.4 Administration and statutory compliance

- Liaising with legal advisers regarding an application for extension of the convening period
- Reviewing and deposing an affidavit for the purpose of extending the convening period
- Preparing and issuing appointment notifications to relevant parties
- Reviewing and updating checklists
- Preparing and lodging forms with ASIC including Declaration of Independence, Relevant Relationships and Indemnities and appointment notifications
- Liaising with representatives of current and former directors regarding completion of ROCAPs

6.2 Administrators' Receipts and Payments

6.2.1 Administrators' Receipts and Payments

Outside of cash at bank at appointment there has not been any other receipts and payments over the course of the administration of the Company up until 15 November 2024. Whilst this is the case, we note that there have been a number of receipts and payments in our role as Receivers of the Property of the Company in its capacity as RE for the SMF, its capacity as trustee for the ADPF and its capacity as trustee for the Quantum PE Fund. Details of the Receivers' receipts and payments will be provided to ASIC as required. The SMF has been meeting some of the costs of CF Capital Investments Pty Ltd (**CF Capital or Investment Manager**) directly and not via the Company. These costs include the wages and employee entitlements of the Investment Manager and other expenses that the Receivers have determined are essential to maintaining the status quo of the day-to-day operation of the funds.

7 Investigations

7.1 Introduction

S438A(a) of the Act provides that as soon as practicable after an administration begins the administrators must investigate the company's business, property, affairs and financial circumstances.

Pursuant to s75-225 of the IPR, the administrators are also required to investigate and report on any possible recovery actions that may be available to a liquidator should creditors resolve that the company be wound up.

An explanation of the possible offences by a director or officer, and insolvent and voidable transactions that a liquidator could pursue is attached at **Appendix E**. This information sheet has been prepared by ARITA and is intended to reduce the amount of generic information included as part of the body of this report. Creditors who are not familiar with the nature of offences and liquidator actions should refer to the appendix for explanations. If further explanation is required of the material contained in the ARITA information sheet or of our investigations, creditors should contact us.

7.2 Overview of investigation

In the time available to us, we have undertaken the following investigations to prepare this report and formulate our opinions:

- ASIC and real property searches;
- Personal Property Securities Register searches;
- Review of books and records of the Company;
- Discussions and questionnaires completed by the directors;
- Discussions with the Company's management and relevant persons who provided services to the Company (e.g. Investment Manager staff);
- Discussions with creditors, SMF investors and regulators including ASIC; and
- Review of the Company's financial records.

We have also had regard to the work we have undertaken prior to our appointment and in our concurrent role as Receivers discussed in **Section 3.5** of this report.

We consider that our investigations provide sufficient, meaningful information to form an opinion on what is in the creditors' best interests.

Whilst we have no reason to doubt any information contained in this report, our conclusions may change if the underlying data proves to be inaccurate or materially changes from the date of this report.

7.3 Offences by the Directors

7.3.1 Overview

We are required to complete and lodge a report pursuant to s438D of the Act with ASIC where it appears that a past or present officer of the company may have been guilty of an offence in relation to the Company and in other limited circumstances. Any report lodged pursuant to s438D is not available for public access and we will not necessarily be informed of what, if any, compliance or enforcement action ASIC is considering as a consequence of that report.

We have undertaken investigations into the affairs of the Company in relation to suspected contraventions of s180 - 184 of the Act regarding the general duties of directors and officers.

From our investigations to date it appears the directors have possibly contravened s180 – 184 of the Act by not acting with the standard of care and diligence or good faith required of an officer of a company.

From our investigations to date we have also formed the view that the directors may have acted dishonestly and/or fraudulently in the exercise of their powers and discharge of their duties. A liquidator (if appointed) would investigate any potential breaches of director's duties in more detail.

Our initial findings will be reported to ASIC pursuant to s438D of the Act.

7.3.2 Breaches of certain compliance obligations

The Company is an AFSL holder and the RE of the SMF.

Our investigations have identified a number of potential breaches of the law which apply to AFSL registered entities (**Breaches**) by the Company, its officers and representatives. These Breaches occurred or commenced prior to the appointment of the Prior Administrators.

We have submitted a report to ASIC outlining the Breaches identified (including those identified as a result of work undertaken in our concurrent role as Receivers of the Company). This report is private and confidential and not available for public access.

7.3.3 Books and records

Pursuant to s286 of the Act, a company must keep written financial records that correctly record and explain its transactions, financial position and performance and would enable true and fair financial statements to be prepared and presented in accordance with the accounting standards.

Following our appointment as Receivers, we wrote to the directors requesting the books and records of the Company and sought access to email servers of the Company. As at the date of this report, we have:

- Secured limited books and records including Xero electronic accounting file access and receipt of certain books and records from the Company's former solicitors, KWMs.
- Received and reviewed the ROCAPs provided by the directors, which are discussed at **Section 5** of this report.
- Engaged with the Investment Manager, CF Capital, in relation to various matters including, securing books and records, further understanding the operations of the funds and compliance with AFSL requirements.
- Reviewed ASIC notices and sought production of information from ASIC that has been produced under the notices (including bank statements).

To date we have not received a response from the Company's directors regarding access to email servers. We have also not received a ROCAP from the former director, Ilya Frolov.

Failure by a company to maintain financial records in accordance with s286 of the Act provides a rebuttable presumption of insolvency which may assist with some of the potential legal recovery actions.

On 20 July 2023, BDO were engaged by the Company to undertake an audit of the financial report for the year ended 30 June 2023 and an audit of the AFSL for the year ended 30 June 2023.

BDO lodged a breach report with ASIC on 21 June 2024 under s990k of the Act relating to the abovementioned audit of the Company's AFSL.

BDO also lodged a breach report with ASIC on 28 June 2024 under s311 of the Act relating to the abovementioned audit of the financial report for the year ended 30 June 2023. In the auditor breach report submitted to ASIC, BDO note, amongst other things:

- A lack of access to books and records of the Company;
- Significant doubt about the Company's ability to continue as a going concern within 12 months of the date of the auditor's report; and

- An inability to determine adjustments to management fee revenue and receivables.

In our opinion, it appears that the Company's financial records may not have been maintained in accordance with s286 of the Act, providing a rebuttable presumption of insolvency.

While failure by the Company to maintain books and records in accordance with s286 of the Act provides a rebuttable presumption of insolvency of the company, this only applies in respect of a liquidator's application for compensation for insolvent trading and other actions for recoveries pursuant to part 5.7B of the Act.

7.3.4 Ability of a liquidator to undertake Public Examinations

We highlight that in the event the Company is placed into liquidation at the meeting of creditors on 2 December 2024, a liquidator would proceed with more detailed investigations into the affairs of KAM. Under the Act, a liquidator is given powerful investigative powers to assist in identifying and recovering assets for the benefit of creditors, including powers to conduct public examinations where required to obtain information required for the purpose of their investigations.

These powers are not generally available to voluntary administrators, deed administrators or to receivers and managers.

7.4 Insolvent trading (s588G)

Directors have a positive duty to prevent a company from trading whilst it is insolvent (s588G of the Act). If a director is found to have contravened s588G they may be ordered to pay an amount of compensation to the company equal to the amount of loss or damage suffered by creditors as a result of the contravention.

Information about possible insolvent trading is relevant to creditors when deciding about the future of the company as directors of the company may generally only be pursued for insolvent trading if the company is in liquidation.

Creditors, in assessing the advantages to them of a DOCA, should consider whether any potential returns from insolvent trading actions only available in liquidation, affect their return.

7.4.1 Indicators of insolvency

It is generally accepted that a company's solvency is dependent on the Balance Sheet Test and Cash Flow Test. A company's ability to satisfy these tests is predominantly determined by reference to the prevalence of generally accepted indicators of insolvency.

In light of the above, the table below considers the prevalence of various indicators of insolvency for the purposes of assessing the Company's solvency, with commentary on each following.

Indicator	Identified
Continuing losses	Yes
Liquidity (current) ratios below 1.0x	No
Overdue Commonwealth and State taxes	Yes
Poor relationship with financier including an inability to borrow further funds	No
No access to alternate finance / Inability to raise further equity capital	No
Suppliers placing the company on cash on delivery (COD), or otherwise demanding payments before resuming supply	Yes
Creditors unpaid outside trading terms	Yes
Issuing of post-dated cheques	No
Dishonoured payments	No
Special arrangements with selected creditors	No
Solicitors' letters, summonses, judgments, or warrants issued against the company	Yes

Indicator	Identified
Payments to creditors of rounded lump sums not reconcilable to specific invoices	No
Inability to produce timely and accurate financial information to display the company's trading performance and financial position and make reliable forecasts	Yes

7.4.1.1 Continuing losses

Continuing losses may indicate a company is unable to generate sufficient cash flows from its operations to pay its debts as and when they fall due and payable.

The Company's management accounts are discussed in detail at **Section 4** of this report. They disclose losses from trading in each FY24 (c. \$1.6m) and FY25 YTD (c. \$1.2m) and accumulated losses totalling c. \$2.2m over the period of FY21 to the date of the appointment of administrators on 28 August 2024. These losses may indicate that the Company was unable to generate cash flows to enable payment of its debts as and when they fell due and payable.

It is, however, appropriate to note that these losses are negligible when considered against the scheme property out of which the Company was indemnified under the constitution or trust deed. Further information on the SMF funds is set out in **Section 3.4** of this report.

7.4.1.2 Liquidity (current ratios) below 1.0x

Liquidity ratios, also known as current ratios, consider whether a company is expected to have available realisable assets to pay its short-term liabilities. The current ratio is calculated as follows:

$$\text{Current ratio} = \frac{\text{Net current assets}}{\text{Net current liabilities}}$$

A current ratio below 1.0x is considered to be an indicator of insolvency as it signifies negative working capital, meaning a company does not have sufficient current assets to meet its current liabilities when they become due and payable.

The calculation of the Company's current ratio is set out at **Section 4.4** of this report.

Whilst the Company's current ratio has reduced from 7.2x in FY21 to 3.3x in FY24, noting an original improvement in FY23 to 5.4x, the Company has maintained a current ratio above 1.0x throughout the period FY21 to FY25 YTD.

However, we note that the majority of the Company's cash is not available to meet trading expenses due to it forming the security required for holding an AFSL. As a result, we have considered the impact on the current ratio when this cash is removed, as it is not a current asset of the Company in the ordinary course of business. In this scenario,

- the working capital position, which represents current assets less current liabilities, deteriorated year-on-year from FY23 onwards. This may indicate that the Company had a decreasing balance of assets that were readily realisable to pay its debts as and when they fell due.
- the Company's current ratio has reduced in this scenario and falls below 1.0x at the date of the appointment of administrators on 28 August 2024. This may indicate that the Company had insufficient assets to pay its debts as and when they fell due.

7.4.1.3 Overdue Commonwealth and state taxes

Another accepted indicator of insolvency is where a company is not paying amounts which are due for Commonwealth or State taxes.

The Australian Taxation Office (ATO) has submitted a proof of debt in the Company's administration for \$206,867.37, related to income tax for the year ended 30 June 2023 and a running balance account deficit in respect of business activity statement amounts.

The Company's overdue liabilities, including to the ATO as at the date of the appointment of administrators, may indicate that it was unable to pay its debts as and when they fell due and payable.

7.4.1.4 Poor relationship with financier including an inability to borrow further funds.

If a company has a positive relationship with its financier, the financier may be willing to take actions which support the company in paying its debts as and when they fall due and payable. These actions may include providing further funding, extending repayment terms for facilities and adjusting financial covenants associated with the facilities. Conversely, if a company has a poor relationship with its financier, it may be unwilling to provide support through one of the actions mentioned earlier in this paragraph which may indicate difficulties in the company paying its debts as and when they fell due and payable.

We have not identified any external borrowings held by the Company. We note that this is not unusual for a company whose primary business is operating as the RE of and trustee for investment schemes as they are usually indemnified by scheme property.

7.4.1.5 No access to alternate finance / Inability to raise further equity capital.

If a company is able to access alternate finance or raise further equity capital, it may indicate that the company was in a position to secure further funding which could be used to ensure that the company paid its debts as and when they fell due and payable.

We note that the Company, in its capacity as RE and trustee, is generally entitled to be indemnified out of scheme property, under the constitution or trust deed.

However, as a result of the Financial Position Report dated 27 July 2024, the Company's entitlement to management and other fees in its capacity as RE and trustee is subject to further detailed review. If following that review it is considered that the Company may have failed to adequately perform its duties as RE and trustee, its entitlement to be indemnified from scheme or trust property may be at risk from that date.

The following table shows that in the last two (2) complete financial years, a minimum of 86% of the Company's income has been derived from trustee fees.

Income	FY23		FY24	
	\$'m	%	\$'m	%
Trustee Fees	2.6	100%	2.3	86%
Other	0.0	0%	0.4	14%
Total	2.6	100%	2.7	100%

Based on our preliminary investigations, we are of the opinion that **if** the Company was not entitled to its RE and trustee fees, it may not have been able to meet its debts as and when they fell due and payable.

7.4.1.6 Suppliers placing the Company on COD, or otherwise demanding payments before resuming supply

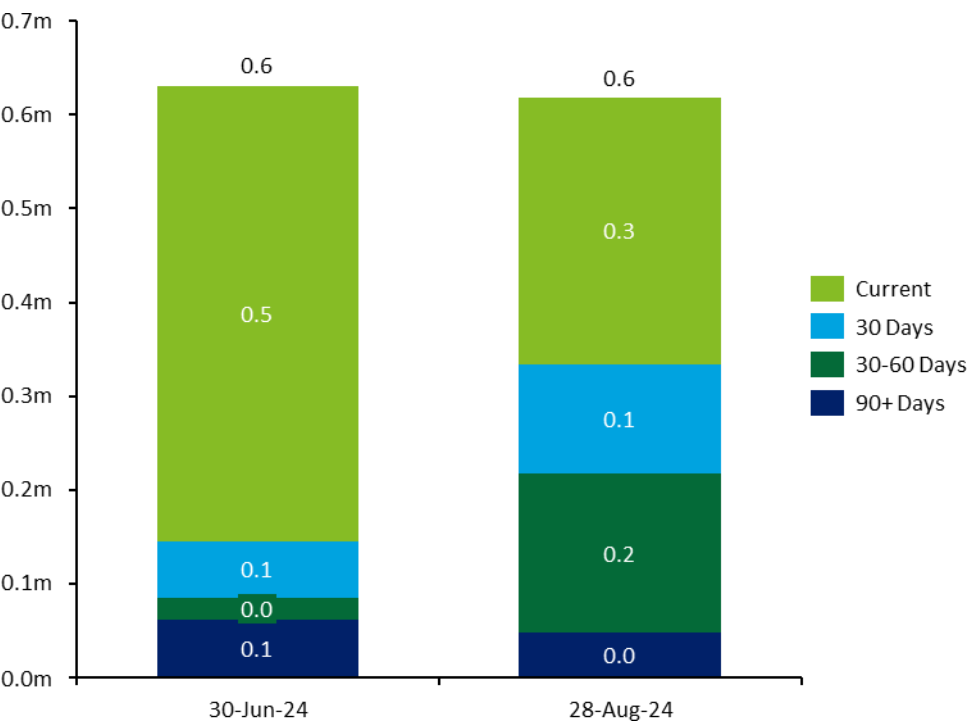
If a company's suppliers are demanding payment before continuing to undertake services for a company or otherwise placing the company on restricted terms of trade such as cash on delivery, this may indicate that a company is unable to pay its debts as and when they fall due.

Based on our preliminary investigations, we have not identified any information that indicates the Company had been placed on restrictive trading terms by any suppliers.

7.4.1.7 Creditors unpaid outside trading terms

If a company's creditors are unpaid outside trading terms, this may indicate that the company was unable to pay its debts as and when they fell due and payable.

The following chart shows that as at 30 June 2024 and 28 August 2024, the Company had aged payable balances of c. \$0.6m.



Graph 3: Keystone Asset Management’s aged payable balances FY24 to FY25 YTD

Whilst the Company may have been paying creditors outside of their usual trading terms, further investigations are required to understand the standard trading terms that the Company had with creditors, noting that different terms will alter the date by which certain creditor liabilities were considered to be due and payable.

7.4.1.8 Issuing of post-dated cheques

If a company was issuing post-dated cheques, it may indicate that the company did not have sufficient available cash resources to pay its debts as and when they fell due and payable.

In conducting our preliminary investigations, we have not identified any evidence to indicate that the Company was issuing any post-dated cheques.

7.4.1.9 Dishonoured payments

If a company had dishonoured payments, it may indicate that the company did not have sufficient available cash resources to pay its debts as and when they fell due and payable.

In conducting our investigations, we have not identified any evidence to indicate that the Company’s payments were periodically being dishonoured.

7.4.1.10 Special arrangements with selected creditors

If a company was entering into special arrangements for the purpose of facilitating payment to selected creditors, this may indicate that a company was unable to pay its debts as and when they fell due and payable.

Our preliminary investigations have not identified any evidence which discloses that the Company entered into special arrangements for the repayment of amounts that were due and payable to creditors.

7.4.1.11 Solicitors' letters, summonses, judgments, or warrants issued against the company

If a company was receiving solicitors' letters, summonses, judgments, or warrants, it may indicate that a company was unable to pay its debts as and when they fell due and payable.

Our investigations have identified that the Company received a statutory demand for payment pursuant to s459E of the Act. The demand was issued on 19 June 2024 for payment of \$215,793.93. We note that the Company maintains it is not liable to pay this debt and had engaged solicitors to defend the statutory demand prior to the appointment of administrators.

The receipt of a statutory demand may indicate that a company was unable to pay its debt as and when they fell due and payable.

7.4.1.12 Payments to creditors of rounded sums not reconcilable to specific invoices

If a company is making payments of rounded lump sums not reconcilable to specific invoices, this may indicate that a company was unable to pay its debts as and when they fell due and payable.

Our investigations have not identified any evidence which discloses that the Company was making payments to creditors in rounded sums not reconcilable to specific invoices.

7.4.1.13 Inability to produce timely and accurate financial information to display the Company's trading performance and financial position and make reliable forecasts.

If a company is unable to produce timely and accurate financial information with respect to its trading performance and financial position or make reliable financial forecasts, this may indicate that the company is insolvent.

As detailed earlier in this report, the Company appears not to have been able to produce timely and accurate financial information that was able to be audited.

7.4.2 Preliminary view regarding the date of insolvency

In reviewing the above, we provide our comments in this section regarding the potential date that the Company may have been insolvent.

The Company, in its capacity as RE and trustee, is generally entitled to be indemnified out of scheme property, under the constitution or trust deeds for the respective funds. However, the publication of the Financial Position Report (refer **Section 3.5**) raises queries as to whether the Company is, or has been, performing RE and trustee duties in accordance with the constitution and trust deeds and therefore whether the Company is entitled to be indemnified from scheme or trust property. The observations within the Financial Position Report, relevant to the Company's solvency include, but are not limited to:

- Sources and uses analysis demonstrating that loan and convertible note balances did not reconcile to actual cash paid. This analysis identified significant variances that may impact the value of the loans and convertible note for ADPF, of which the Company is the RE and trustee, respectively.
- The financial position of the SMF had been materially overstated.
- The financial position of the ADPF had been materially overstated.
- The Company failing to properly protect the interests of investors by failing to register security (or sufficient security) over SPV assets in a timely manner and/or ensuring funds advanced were utilised for their approved purpose.

We also refer to potential breaches discussed in this section. If following further investigations it is determined that the Company did not properly discharge its duties as RE and trustee, it may not be entitled to be indemnified from the scheme or trust property which would impact its ability to meet its debts as and when they fall due.

The appointment of administrators by the directors on 28 August 2024, pursuant to s436A of the Act confirms that the directors were of the view that the Company was insolvent or likely to become insolvent.

BDO issued breach reports under s990k and s311 of the Act on 21 June 2024 and 28 June 2024 respectively regarding the 2023 audit of the AFSL and audit of the 30 June 2023 financial records. Within these breach reports in relation to the 2023 audited financial statements we note that BDO stated that there were *“Reasonable grounds to suspect that there has been a significant contravention of the Corporations Act”* by the Company.

Based on our preliminary analysis detailed in this section of the report, we have identified evidence of certain other indicators of insolvency by reference to KAM’s management accounts.

Considering the above, we have formed the preliminary view that the Company may have been insolvent from 27 July 2024, being the date of the Financial Position Report. Further investigations are required with respect to this matter.

7.4.3 Actions pursuant to s588G

A liquidator would investigate further the possibility of taking action against the company’s directors for breaches of their duties to prevent insolvent trading. If it is established that a director has breached his or her duties to prevent the company from incurring debts whilst it was insolvent, a liquidator could recover from those directors an amount equal to the loss that has been suffered by the creditors whose debts remain unpaid.

If a liquidator chooses to pursue an insolvent trading action, creditors are prevented from taking their own action against the director(s) for compensation. If a liquidator does not choose to take any action in this regard, a creditor may commence proceedings on its own behalf but only with the consent of the liquidator or the Court.

Noting the limited period between the indicative date of insolvency identified from our preliminary investigations (27 July 2024) and the appointment of administrators on 28 August 2024, we have not included any recovery for potential insolvent trading actions in our estimated returns to creditors in liquidation discussed at **Section 8**.

7.5 Voidable transactions

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

This issue is relevant to creditors if they are being asked to choose between a DOCA and liquidation, because voidable transactions are only able to be challenged if liquidation occurs.

Voidable transactions include:

- Unfair preferences (s588FA)
- Uncommercial transactions (s588FB)
- Unfair loans to a company (s588FD)
- Arrangements to avoid employee entitlements (s596AB)
- Unreasonable director-related transactions (s588FDA)
- Creditor-defeating dispositions (s588FDB)
- Transactions with the purpose of defeating creditors (s588FE(5))
- Voidable security interests (s588FJ)

It is important to note that some transactions are only voidable if they are *insolvent* transactions of the company. A transaction is an insolvent transaction if it occurred at a time when the company was insolvent. The onus is on the liquidator to prove the company was insolvent at the time in order to succeed in voiding (recovering) any such transaction. Our preliminary views on the date of insolvency of KAM is set out at **Section 7.4** above.

Generally legal actions are expensive. As such, should there be inadequate funds available, or the liquidators consider it uncommercial or not in the creditors' best interests, recovery actions may not be commenced by a liquidator (if appointed).

In these circumstances, creditors wishing to fund any actions may do so. Should funds be recovered from these actions, the creditors providing the funding may be entitled to receive their contribution in priority to other creditors.

Alternatively, a liquidator may assign any right to sue to any interested third party pursuant to s100-5 of the IPS. In practice, the liquidator would require payment in exchange for the assignment of the right to sue and this enables a liquidator to quickly realise something for the benefit of the creditors without the time, cost and risks associated with pursuing the legal action. Any person to whom the right to sue is assigned is free to pursue the legal action at their own expense and will receive the full benefit of any court order that may result.

Litigation funding may also be available to fund actions. However, such funding is generally only available where legal advice indicates that there is a strong potential for success.

7.5.1 Unfair Preferences Payments (s588FA)

We have not identified any payments that may be unfair preferences within the six (6) months prior to our appointment.

However, our investigations are only preliminary, and further detailed investigations would be undertaken in the event the Company is placed into liquidation. In the event a liquidator's further investigations identified potentially recoverable unfair preference payments, the liquidator will need to also prove that creditors knew or should have known that the Company was insolvent at the time the payments were made. There would need to be significant investigative work undertaken to establish whether:

- the Company was insolvent at the time the transaction occurred;
- the party that received the preference was aware that the Company was insolvent or likely to become insolvent at that time;
- the recipient has sufficient assets to settle any successful claims;
- the cost of undertaking the action is greater than the possible return; and
- there are sufficient funds available (subject to the approval of creditors) to undertake any proposed preference recovery action.

At this stage, we have not identified any potentially recoverable unfair preference payments and therefore no amount is included in our estimate of expected returns to creditors in liquidation discussed at **Section 8**.

7.5.2 Unfair Loans (s588FD)

Our investigations of the Company books and records revealed the Company had not made or received any loans from or to any parties which committed either company to extortionate terms.

7.5.3 Uncommercial Transactions (s588FE)

Our review of the Company records has not identified any transactions that would constitute an uncommercial transaction. We note that this is distinct from our investigations as to whether there may have been uncommercial transactions entered into by the Company in its role as RE and trustee of SMF and/or ADPF.

7.5.4 Discharging a Debt of a Related Entity (s588FH)

Our investigations have not to date identified any transactions involving the discharge of a debt of a related entity.

7.5.5 Unreasonable Director-Related Transactions (s588FDA)

Our investigations have identified a large volume of potentially unreasonable director-related transactions. We consider that a number of claims are available to both a liquidator of the Company and the Receivers of the trust assets against the Company, the directors, other related entities and third parties. There will be overlap in claims available to a liquidator

with the claims available to us as Receivers. If we were to be appointed liquidators, these claims can be pursued in tandem. To date, we have initiated proceedings and taken other recovery action against directors and related entities, largely in our capacity as Receivers, to protect and recover assets. These claims include those against Chiodo Corporation, Malana and others. Further claims are likely available to a liquidator.

These transactions remain subject to ongoing investigation and therefore no amount is included in our estimate of expected returns to creditors in liquidation discussed at **Section 8**.

7.5.6 Creditor-defeating dispositions (s588FDB, s588GSB & s588GAC)

Our investigations have not identified any potential creditor-defeating dispositions.

7.5.7 Arrangements to Avoid Employee Entitlements (s596AB)

We have not to date identified any transactions of this nature.

7.5.8 Transactions with the Purpose of Defeating Creditors (s588FE(5))

We have conducted a review of the transactions of the Company for the six (6) months prior to the relation back day to identify any transactions that may have been entered into with the purpose of defeating creditors.

7.5.9 Circulating security interests created within Six Months (s588FJ)

A search of the Personal Property Securities Register reveals that no circulating security interests have been perfected over the Company's assets in the six months prior to the relation back day.

8 Estimated Return from a Winding up

8.1 Introduction

We have prepared an analysis of the likely realisation under liquidation on two bases. Both bases, optimistic ("High") and pessimistic ("Low"), are outlined below. Both scenarios involve:

- Realisations of the Company's assets by the liquidator; and
- Costs involved in undertaking a recapitalisation of the Company assets including the Administrators' and Liquidators' fees and advisor costs.

8.2 Comparative scenarios

As at 28 August 2024, the Company's management accounts disclose:

- An asset position of \$1.2m, relating primarily to cash and receivables.
- Liabilities of \$0.9m relating primarily to trade and other payables and borrowings.
- A resulting net asset position of \$0.27m.

We have prepared the following table based on the management accounts of KAM as at 28 August 2024, which provides an estimate of returns to creditors and shareholders of the Company in the event that the Company were to be wound up. This has been prepared on a balance sheet, Low and High return basis.

Illustrative Estimated Statement of Position (\$)	Note	Book Value (28-Aug-24)	Wind-up (Low)	Wind-up (High)
Circulating Assets				
Cash	1	962,346	962,346	962,346
Debtors	2	223,695	111,848	178,956
Prepayments	3	12,342	1,851	4,937
Other receivables	4	2,790	837	1,395
Less: Estimated wind-up costs & Legal Fees	5	-	(500,000)	(350,000)
Total available circulating assets		1,201,173	576,882	797,634
Total non-circulating assets		-	-	-
Total remaining assets available to creditors		1,201,173	576,882	797,634
Unsecured creditors				
Trade & other payables		618,021	618,021	618,021
Tax Liabilities		(16,082)	Nil	Nil
Other liabilities		49,783	49,783	49,783
Loan – ADPF	6	22,281	22,281	22,281
Loan – Malana	6	150,267	150,267	150,267
Loan – Quantum PE	6	110,000	110,000	110,000
Total unsecured creditors		934,269	950,351	950,351
Remaining assets available to shareholders		266,904	Nil	Nil

Estimated Statement of Position – Wind Up	Book Value	Low	High
<i>Return to unsecured creditors (cents in \$)</i>	<i>100</i>	<i>61</i>	<i>83</i>
<i>Return to the Company's shareholders</i>	<i>TBC</i>	<i>Nil</i>	<i>Nil</i>

Notes

- 1 – Cash at bank. Assume cash is fully recoverable if Keystone Asset Management were to be wound up based on cash on hand at the time the accounts came under the control of the Receivers pursuant to the 26 June Orders
- 2 – Estimate only – The recovery of debtors may be impacted if Keystone Asset Management is wound up. (80% High, 50% Low)
- 3 – Estimate only – Assume limited recoverability if Keystone Asset Management were to be wound up. (40% High, 15% Low)
- 4 – Estimate only – Assume limited recoverability if Keystone Asset Management were to be wound up. (50% High, 30% Low)
- 5 – Estimate only – Costs and legal fees are indemnified out of the Property of Keystone
- 6 – The Administrators' investigations in relation to these amounts owing to related parties are ongoing. Counter and/or offsetting claims may exist to reduce or eliminate the amount outstanding.

Optimistic scenario ("High")

These values have been included on the basis that there is potential for an increased recovery or realisation above that of a pessimistic position for specific assets. Given the nature of the assets owned by the Company, the recoverable values represent the higher end of our estimated range of possible recoveries in the event the Company were to be wound up.

Pessimistic scenario ("Low")

The values included in this calculation are considered the lower possible values recoverable from the specific assets of the company.

8.3 Debtors

The recoverability of debtors will be dependent upon a number of factors including the settlement of disputes.

The receivables ledger at the date of our appointment indicated \$223,695 owing to the Company. All of the outstanding amounts relate to unpaid trustee and/or other management fees from related entities, being the different investment classes of SMF.

The recoverability of these balances will depend on a number of factors including but not limited to the available assets in the SMF and whether the Company has acted appropriately in providing services to the SMF so that they are entitled to charge the fees under the relevant trust / management agreements.

8.4 Prepayments and other receivables

The balances held on the Company balance sheet reflect subscriptions and other expenses paid in advance of provision of services. Due to counter-party contractual rights, recovery of prepayments and other receivables is typically difficult in a winding-up of a company. On that basis, we have estimated the following recoverable amounts in a winding-up of the Company:

- between 15% (Low) and 40% (High) of the book value of prepayments; and
- between 30% (Low) and 50% (High) of the book value of other receivables.

8.5 Overall Realisations in Liquidation Scenarios

Our high-level analysis of the Company's financial position indicates that a wind-up scenario may result in a return of 61 to 83 cents in the dollar to unsecured creditors, however no return to shareholders.

However, it is important to note that the return to creditors is subject to the extent to which the Company is entitled to be indemnified out of scheme or trust property. If the Company is entitled to a full indemnity up to and including 28 August 2024, the unsecured creditors may receive a much greater dividend, and may be fully paid (100 cents in the dollar).

Prior to the payment of creditors' claims, the costs of the voluntary administration and the subsequent liquidation of the Company will be deducted.

8.6 Effect on employees

We are not aware of any employees and/or outstanding employee entitlement claims against the Company.

8.7 Conclusion

In conclusion, assuming the amount of all debts proved and accepted by the liquidators correspond to the amounts disclosed in our analysis, and subject to the completion of our investigation into possible recoveries under the Act, we estimate a dividend to unsecured creditors in a winding-up of:

- If the Company is entitled to a full indemnity out of scheme or trust property up to and including 28 August 2024, 100 cents in the dollar (in the table below “Indemnified”), or
- If the Company is not entitled to a full indemnity out of scheme or trust property up to and including 28 August 2024, between 61 and 83 cents in the dollar (in the table below, “Not indemnified”).

We note that the final dividend will be subject to the extent debts are provable and admitted in the winding up.

Estimated Statement of Position - Wind Up	Book value	Indemnified	Not indemnified	
			Low	High
Return to unsecured creditors (cents in the \$)	100	100	61	83
Return to shareholders of KAM	TBC	Nil	Nil	Nil

We are not aware of any secured or priority creditor claims against the Company.

9 Deed of Company Arrangement (“DOCA”)

We have received approaches from three (3) parties seeking to advance proposals for a DOCA:

1. Arbitrium Capital Partners (**Arbitrium DOCA**), which is discussed in **Section 9.2** below;
2. From Mr Paul Chiodo (**Second Proposal**), who has declined to provide the additional information sought by the Administrators to allow the proposal to be considered and presented to creditors. This proposal is discussed in **Section 9.3** below; and
3. From Mr Roberto Filippini (**Third Proposal**). A Third Proposal was received by the Administrators from Mr Roberto Filippini via his advisors, Pitcher Partners late Friday evening, 22 November 2024. The Administrators have not had sufficient time to be able to give proper consideration to his proposal as at the date of this report. A supplementary report will be presented to creditors in respect to his proposal prior to the second meeting of creditors.

The creditors will be asked to decide whether to vote in favour of the Arbitrium DOCA or any other proposal capable of being put to the creditors at the forthcoming meeting.

9.1 Introduction

A DOCA is a binding agreement between the Company, its creditors and the appointed Deed Administrators. If the required majority of creditors (being greater than 50% of those who vote, calculated both in number and value) vote in favour of a DOCA it becomes binding on all creditors, including those in minority who voted against it as well as any creditors who abstained from voting. The purpose of a DOCA is to provide creditors with a better outcome than would otherwise be received in the alternative liquidation scenario.

9.2 Arbitrium DOCA

9.2.1 Key features

The Administrators received a revised proposal from Arbitrium Capital Partners on 7 November 2024. A copy of the Arbitrium proposal, including supporting documents is attached at **Appendix F (Arbitrium Proposal)**.

The key features of the Arbitrium DOCA proposal are as follows:

1. Arbitrium will acquire 100% of the Company’s shares, resulting in control of its AFSL, for \$1.00.
2. Arbitrium will replace CF Capital as the investment manager. Perpetual Trustee will be appointed to act as “responsible entity advisor” and as a “directed trustee” to the Company.
3. Arbitrium will not assume “breach claims” (also referred to as “Investor Claims”) but will otherwise assume “business liabilities” (also referred to as “Trade Creditors”). Trade Creditors will be paid in full from SMF property.
4. Redemptions will be suspended for 12-18 months, except for hardship claims.
5. Arbitrium will use the c. \$180 million liquid funds in the SMF, currently held in listed securities with Bell Potter by realising the Bell Potter Securities, re-investing the Liquid Assets into government bonds and borrowing against those bonds to raise capital to:
 - a. Finalise the development at 33 Davison Street Port Douglas.
 - b. Finalise the development at Moonee Ponds.
 - c. Advance further funds to invest in the purchase of an interest in a hotel in Venice (**Venice Proposal**). The Venice Proposal involved executing a convertible note deed with Chiodo Corporation and more recently has been qualified instead to amending an existing loan agreement to a secured loan note with equity warrants with Chiodo Corporation.
6. The DOCA is conditional upon execution of the Restructure Implementation Deed (**RID**) by:
 - a. the DOCA Proponent’s special purpose vehicle
 - b. the Company
 - c. the Administrators

- d. Jason Tracy and Lucica Palaghia in our capacity as joint and several receivers and managers of the property of KAM
 - e. Equity Trustees Superannuation Limited
 - f. Macquarie Investment Management Limited
 - g. Paul Chiodo
 - h. Ilya Frolov
 - i. ASIC (noting that Arbitrium have now advised that it will waive ASIC's involvement in the RID) (together the **RID Parties**)
7. The RID contains the following key terms:
- a. ASIC will undertake not to bring or prosecute any claims, impose any statutory, regulatory, or other penalties or cancel, revoke, or suspend the Company's AFSL in respect of any actions, steps, decisions, matters or events which occurred prior to the transfer of shares in KAM (**ASIC Undertaking**).
 - b. ASIC, the Receivers and the Company will execute consent orders to reduce the scope of the receivership to prosecuting claims against previous Company management or third parties for pre-appointment conduct.
 - c. The Company, ASIC, MIM and ETS will jointly agree a realisation strategy for the SMF.
 - d. The Company's liability is limited to the property of the SMF.

9.2.2 Estimated return to KAM creditors from the Arbitrium Proposal

As noted at item 3 above, the Arbitrium Proposal purports to provide for full repayment of the Company's creditors through assumption of the Company's liabilities.

The Arbitrium Proposal is focussed on the proposed restructure of the SMF. It does not provide detail on how the payment of existing Company liabilities will be funded.

We are therefore unable to provide any detailed analysis to creditors on the likelihood of full repayment of their claims pursuant to the Arbitrium Proposal. However we highlight our comment at **Section 9.2.3.5** below regarding the difficulties in using SMF Property to pay creditor claims.

9.2.3 Legal Issues impacting the Effectuation of the Arbitrium Proposal

The Administrators consider the Arbitrium Proposal cannot be effectuated for at least the following reasons.

9.2.3.1 Conditions Precedent cannot be achieved

As set out in **Section 9.2.1** above, the DOCA is conditional upon execution of the RID by the RID Parties. The Administrators requested the RID Parties to indicate whether they would agree to execute the RID. The Administrators received the following responses:

- On 24 October 2024, Holding Redlich confirmed that Mr Chiodo was not prepared to execute the RID in accordance with the Arbitrium Proposal.
- On 25 October 2024, the Administrators received a response from MIM confirming that it did not agree to execute the RID substantively in the terms provided by Arbitrium.
- On 25 October 2024, the Administrators received a response from ETS confirming that it did not agree to execute the RID substantively in the terms provided by Arbitrium.
- On 19 November 2024, the Administrators received a response from ASIC confirming that it would not provide the ASIC Undertaking as it was not appropriate to constrain the future exercise of statutory powers as contemplated. ASIC also confirmed that it would not execute the RID as it was not appropriate for a regulator to be involved in the commercial decision of a regulated entity as the RID proposes.

If the RID is not executed by all parties, the conditions precedent will not be satisfied and the DOCA cannot be effectuated.

The Administrators recognise that Arbitrium may waive the conditions precedent and have very recently indicated that it would waive the condition precedent for ASIC to be a party to the RID. However, in the absence of execution and performance of the RID by all proposed parties:

- a) Arbitrium will not be in control of the SMF and ADPF Funds, and therefore could not give effect to the Arbitrium Proposal; and/or
- b) The ASIC Undertaking will not be obtained, leaving the Company exposed to potential civil penalty proceedings which would result in significant uncertainty for the future of the Company, the SMF and the ADPF,

such that the purpose of the restructure cannot be achieved.

9.2.3.2 The Venice Proposal uncertain

The Arbitrium Proposal states, *“the Venice Hotel is currently under contract and awaiting settlement”*.

This statement is not accurate. The Administrators have been provided with a withdrawal notice from the proposed vendor dated 8 October 2024 which purports to terminate the sale contract. The Administrators have not been provided with satisfactory evidence which would suggest that the vendor remains willing to proceed with the sale contract or that the proposed purchaser disputes the vendor’s ability to terminate. There is some suggestion from Arbitrium that the proposed vendor may be willing to engage further with Arbitrium on the basis that the Company (via its Administrators and Receivers and Managers), releases the proposed vendor from any claims the Company has for return of the deposit paid. The Administrators do not consider this is in the best interest of creditors nor SMF investors.

The Administrators also consider that the sale contract automatically terminated on or about 29 May 2024 due to non-satisfaction of the conditions precedent, which would entitle Chiodo Corporation to return of the deposit.

Arbitrium wrote to the proposed vendor on 10 October 2024 but has provided no evidence of any response from the proposed vendor.

It therefore remains highly uncertain as to whether the sale contract can be completed.

9.2.3.3 Venice Proposal: The Convertible Note Deed cannot be executed without unitholder approval

In a previous version of the Arbitrium Proposal issued on 1 November 2024, it stated that, *“Paul Chiodo has agreed with Arbitrium to convert the existing convertible note (for the deposit) into a secured note with warrants equating to 70% of the equity in Venice Hotel”*. This was updated in the Arbitrium Proposal issued on 7 November 2024, which stated, that Mr Chiodo now agreed that the new secured note would include *“warrants equating to a value in Venice Hotel that makes the unitholders whole to the last NAV of SMF”*.

There is no *“existing convertible note”* in respect to the Venice Proposal. The deposit funds were advanced by the Company to Chiodo Corporation pursuant to a loan agreement, with no provision for security or conversion to equity.

The convertible note agreement proposed to be entered into between KAM and Mr Chiodo and/or his related entities would result in a financial benefit to a related entity, and therefore require unitholder approval pursuant to s601LC of the Act. None of the exceptions in s210 to s216 of the Act would apply.

Very recently, Arbitrium has stated that instead of the convertible note deed, the Company instead proposes to amend an existing loan agreement to a secured loan note with equity warrants with Chiodo Corporation.

Arbitrium has not provided for unitholder approval of the proposed convertible note or the proposed amendments to the loan agreement. Having regard to responses received from MIM and ETS in respect to the Arbitrium Proposal and, in particular, the Venice Proposal, the Administrators consider that unitholder approval would not be obtained.

In the absence of the Venice Proposal, the Arbitrium Proposal achieves no further investment or realisation strategy beyond what would be undertaken by a liquidator and/or the Receivers. The purpose of the restructure could therefore not be achieved.

9.2.3.4 The SMF Class Units cannot be consolidated

In correspondence with Arbitrium in relation to its proposal, Arbitrium confirmed that its intention under the Arbitrium Proposal is that *“all investors are consolidated into a single class within the SMF”*.

The Administrators do not consider the Company has the power to consolidate the Classes of the SMF having regard to clauses 21.3 to 21.5 of the SMF Constitution, which require terminated Classes to be wound up.

Even if the Company could consolidate Classes, the Administrators consider that, having regard to its duty under s601FC(1)(d) of the Corporations Act, the Company would be required to call a meeting of unitholders to vote upon the consolidation and to allow unitholders who do not approve the consolidation to redeem their interest in the SMF. The Arbitrium Proposal does not propose taking such a step, but in fact relies upon all unitholders being locked in for 12-18 months.

9.2.3.5 SMF Property cannot be used to pay Trade Creditors

The Arbitrium Proposal appears to contemplate the realisation of investments held with Bell Potter to pay Trade Creditors (undefined) without regard to whether they are scheme or trust or non-scheme, non-trust creditors.

The use of scheme or trust property to satisfy non-scheme/non-trust debts would constitute a misappropriation of scheme or trust property. There is no apparent benefit to the SMF from this diversion of scheme or trust property where non-scheme and non-trustee creditors otherwise have no claim to scheme or trust assets.

9.2.4 Otherwise not in the best interests of creditors, unitholders and underlying investors

In addition to the above legal impediments, the Administrators have formed the view that execution of the DOCA would not be in the best interests of creditors, unitholders and underlying investors for the following reasons.

9.2.4.1 No consideration for compromise of claims

For the reasons set out in the Receivers' report dated 27 July 2024 and in this report, unitholders and underlying investors potentially have significant claims against the Company. The Administrators therefore consider it is appropriate to treat unitholders and underlying investors as contingent creditors of the Company.

Under the Arbitrium Proposal, these claims will be compromised for nil consideration.

Having regard to the seriousness of the conduct identified by both ASIC and the Receivers, the Administrators consider that it is in the best interests of creditors for these claims to be properly investigated and prosecuted by a liquidator.

Whilst the Arbitrium Proposal does not release management or third parties and provides for the Receivers to remain appointed to prosecute these claims, these measures are unlikely to provide the same return to creditors as can be achieved by a liquidator. This is because there are certain claims which can only be brought by a liquidator which will not be available to the Receivers (relevantly unfair loans, unreasonable director-related transactions and uncommercial transactions) and claims against third parties are more difficult to establish.

It is also unclear what impact the Arbitrium Proposal will have on existing proceedings. The Administrators and Receivers have issued proceedings against the builder and related entities, Chiodo Corporation and Mr Chiodo. The proceedings include claims that the Company acted in breach of trust. In light of the proposed release of claims against the Company and the ongoing relationship with Chiodo Corporation in the Venice Proposal, it is unclear how this proceeding can continue to be prosecuted under the Arbitrium Proposal.

The Arbitrium Proposal also proposes to preserve claims of related parties against the Company, which will be paid out of the SMF Fund assets. By way of example, Chiodo Corporation has lodged a proof of debt in the amount of approximately \$8m. The return calculation provided by Arbitrium in support of its proposal does not account for these alleged liabilities.

9.2.4.2 No variable difference in realisation strategy for projects other than Venice

The returns calculation provided by Arbitrium in support of its proposal includes different estimated return ranges for the residential projects, despite Arbitrium assuming the same realisation strategy as would occur in a liquidation. In particular, it is likely that the Receivers or a liquidator would complete projects that are more than 80% complete if that would achieve a better return to unitholders than selling as-is.

By way of example, for the proposed Fairmont Hotel in Port Douglas, the Arbitrium Proposal states that Arbitrium believes the optimal strategy is to sell the project as is. This is a similar strategy that is likely to be implemented by any appointed receiver over the relevant SPV entity. It is therefore unclear why Arbitrium estimates it will obtain \$7,150,868 to \$14,897,671 compared to an appointed receiver obtaining an estimated \$1,191,811 to \$7,150,868 in its return calculations.

There is no reasonable basis for applying different estimated return ranges in the circumstances. This accounts for an overstatement of the difference between the Arbitrium Proposal and the liquidation return on a low recovery scenario of over \$20m. This differential calls into question the reliability of the returns calculation provided by Arbitrium in support of its proposal and claims that the Arbitrium Proposal will provide for a better return to creditors than liquidation.

9.2.4.3 Estimated value of Venice Proposal is overstated

Arbitrium relies on a valuation prepared by Colliers Valuation Italy S.r.l. (**Colliers**) as of 31 December 2023 for Chiodo Corporation (**Colliers Valuation**). Arbitrium has advised that this valuation is confidential however we note that we were separately provided with this valuation and consider it important for it to be disclosed so that the creditors can properly assess the Arbitrium Proposal.

Colliers does not rely on the actual financial performance of the Venice Hotel in valuing the asset, but instead confirm that they considered *“both market benchmarks and analyses provided by the Client”*. A copy of the *“analyses provided by the Client”* (being Chiodo Corporation) has not been provided.

On 16 October 2023, Chiodo Corporation obtained a valuation report from Deloitte Financial Advisory S.r.l. S.B. (**Deloitte Valuation**). The Deloitte Valuation provided the following valuations for three different scenarios:

Scenario	Description	Valuation
Actual Historical Performance	This scenario is primarily based on actual historical performances integrated, where necessary, with market benchmarks of similar properties. The estimate of value resulting from this analysis represents a prudent As-Is valuation where little or no changes are made to the current operations of the hotel.	€86.9m
Vendor Scenario	In this scenario, [the vendor’s] projections reported in the information memorandum P 39, “Proforma”, were used as a basis of the analyses. This model assumes significant management efficiency improvements, resulting in a notable increase in profitability. In a conference call on August 31, 2023, the Vendor and Vendor’s advisor confirmed that the projections represented in the Proforma were only indicative and did not represent any projections of the Vendor or the manager of the hotel.	€118.6m
Revised Client Scenario	The Revised Client Scenario has been estimated accordingly with the inputs provided by the Client (opening time, occupancy, etc). This projection assumes that the hotel will continue its operations and will not require additional capex for a full market repositioning or considers limits to the other revenue sources such as food and beverage or spa services.	€156.8m

The Administrators consider that a valuation based on actual historical performances, rather than untested revised scenarios, is the most appropriate valuation methodology.

Even if the Revised Client Scenario was considered, the significant discrepancy between the Deloitte Valuation (€156.8m) compared to the Colliers Valuation (€250m) is of concern. Both scenarios appear to be based on similar assumptions as to the hotel’s operation provided to them by Chiodo Corporation.

Further, the fact that the valuation under the Vendor Scenario, which the vendor confirmed was hypothetical and not based on any actual projections by the vendor or manager of the hotel, is significantly lower than the valuation under the Revised Client Scenario, undermines the viability of the Revised Client Scenario. Notably, the vendor and the manager forecast that opening days will remain stable at 260 days. Under the management agreement between the vendor and the manager, the manager is responsible for preparing the business plan each year which includes the number of opening days. The assumption that the hotel will open 365 days therefore appears unsupportable.

It is unclear why Chiodo Corporation obtained the Colliers Valuation following receiving the Deloitte Valuation.

In the circumstances, the Administrators consider that no reliance can be placed on the Colliers Valuation. The most appropriate valuation, based on Actual Historical Performance in the Deloitte Valuation, is the most reliable valuation. This values the Vencie Hotel at €86.9m, being €67.1m less than the proposed purchase price under the Arbitrium Proposal. Investment in this asset may therefore result in further significant losses to unitholders and investors.

9.2.4.4 Redemption Requests

The Arbitrium Proposal proposes no return to investors for 12 – 18 months. There is currently some liquidity attributable to some of the unit classes that on a wind-up of the SMF may be able to be distributed to investors in those classes earlier than that time. It does not appear to be in the best interests of those investors to have the entirety of their investment locked-up for a minimum of 12 months.

9.2.4.5 Ongoing involvement of Chiodo Corporation

The Arbitrium Proposal envisages the ongoing involvement of Chiodo Corporation, particularly in partnering on the key investment in the Arbitrium Proposal, being the Venice Proposal. Having regard to Mr Chiodo's conduct in the historical operation of KAM and the Funds, Arbitrium's partnership with Mr Chiodo is highly concerning to the Administrators.

9.2.5 Conclusion

For the reasons set out above, the Administrators do not consider entry into the DOCA in line with the Arbitrium Proposal is in the best interests of the creditors, unitholders and underlying investors as:

1. There are significant legal impediments to effectuating the DOCA.
2. The Colliers Valuation, upon which the entire asserted upside under the Arbitrium Proposal as compared to liquidation is based, is not well supported. The Deloitte Valuation indicates that the Venice Proposal will likely lead to significant further losses for unitholders and investors.
3. It requires investor funds to be locked-up for 12 – 18 months, as compared to a liquidation where there are liquid assets that will likely provide for a more timely return of funds to creditors and investors.
4. It will result in significant claims being released or compromised which will otherwise be available to a liquidator and the Receivers to prosecute and could result in substantial returns for investors and/or creditors.

Accordingly, the Administrators do not recommend that creditors approve the Arbitrium DOCA at the meeting on creditors.

9.3 Second Proposal

The Administrators received a proposal from Mr Paul Chiodo on 4 November 2024 (**Second Proposal**).

The proposal was marked without prejudice and required the Administrators to sign a non-disclosure agreement (**NDA**) in order to be provided with any further information in relation to it, which the Administrators considered necessary in order to properly consider the proposal. The Administrators do not consider it appropriate to execute an NDA to receive the information, in circumstances that the proposal would need to be put before creditors and other stakeholders for consideration.

Further, the terms of the proposal required terms that it would be necessary for the Administrators to engage with third-parties in relation to, in order to understand the likelihood that the proposal could be capable of execution. The Administrators sought consent from Mr Chiodo to share the proposal (and additional supporting information required for its consideration) with key stakeholders. This consent was denied.

Accordingly, the Administrators have been unable to give consideration to this proposal and it cannot be presented to creditors for consideration at the meeting of creditors.

9.4 Third Proposal

A Third Proposal was received by the Administrators from Mr Roberto Filippini via his advisors, Pitcher Partners late Friday evening, 22 November 2024. The Administrators have not had sufficient time to be able to give proper consideration to his proposal as at the date of this report. A supplementary report will be presented to creditors in respect to his proposal for consideration at the meeting of creditors.

10 Administrators' Opinion

10.1 Introduction

The following options are available to creditors regarding the future of the Company:

- the Company execute a deed of company arrangement; or
- the administration end; or
- the Company be wound up.

Our opinions on each option and our reasons for our opinions are discussed below.

10.2 The Company execute a DOCA

While three parties expressed interest in proposing a DOCA to creditors, only one of those parties provided a DOCA in a form that is capable of being presented to creditors for their consideration, being the Arbitrium DOCA discussed in detail as **Section 9.2**). We are currently considering the Third Proposal and intend on providing an update to creditors with the recommendation in a supplementary report.

For the reasons set out in detail in **Section 9.2**, the Administrators do not recommend the Arbitrium DOCA proposal.

10.3 The administration should end

Based on our analysis, the Company is presently insolvent and unable to pay its debts as and when they fall due. Ending the administration would result in control of the Company being passed back to the directors. There are no reliable plans in place to address the Company's financial difficulties. Further, this would expose the directors to the possibility of liability for insolvent trading. Accordingly, we cannot recommend that the administration end and control be returned to the directors.

10.4 The Company be wound up

We do not believe it is in the creditors best interests to enter into the proposed Arbitrium DOCA for the reasons outlined in this report generally, and as summarised at **Section 9.2**. Given the company is insolvent and it would not be in the interests of creditors to end the administration, we believe it is in the best interests of creditors to resolve to wind the Company up. This will result in liquidators being appointed who are then in a position to complete the investigations undertaken thus far and consider pursuing any or all of the potential legal recovery actions in order to maximise the likely return to creditors.

10.5 Recommendation

In our opinion, creditors would be best served if the company is wound up.

Our recommendation to creditors may change should there be any change to the DOCA proposal, or if an alternate DOCA proposal is received subsequent to the date of this report.

Should we receive any new information relevant to creditors between issuing this report and the date of the creditors' meeting, a summary will be made available to creditors as soon as practicable.

10.5.1 Other Material Information

We are not aware of any other information that is materially relevant to creditors being able to make an informed decision on the Company's future.

11 Remuneration

Creditors are directed to the Information Sheet – Approving Fees: a guide for Creditors, a copy of which is attached at **Appendix G**. Creditors will be asked to approve our, and the Prior Administrators', remuneration and internal disbursements at the forthcoming creditors meeting.

Attached at **Appendix H** is our remuneration approval report, and the Prior Administrators' remuneration approval report is attached at **Appendix I**. These reports contain sufficient details and information regarding our and the Prior Administrators' time and costs in order to assist you in making an informed decision.

11.1 Prior Administrators

The prior Administrators' remuneration is based on KordaMentha's hourly rates which were disclosed in their initial remuneration notice sent to creditors on 2 September 2024. Creditor approval for the Prior Administrators' remuneration and internal disbursements will be sought at the second meeting of creditors. The proposed resolutions and detailed fee breakdowns of work performed by the Prior Administrators' staff for the voluntary administration are set out in their remuneration approval report at **Appendix I**, but can be summarised as follows:

For	Period	Amount (excluding GST)
Work undertaken by the Prior Administrators during the period of their appointment	28 August 2024 to 5 September 2024	\$92,027.50
Work undertaken by the Prior Administrators to finalise their appointment	6 September 2024 to 6 October 2024	\$8,672.00
Internal disbursements incurred by the Prior Administrators during their appointment	28 August 2024 to 5 September 2024	\$400.00
Prior Administrators' total		\$101,099.50

11.2 Voluntary Administration

The Administrators' remuneration is based on Deloitte's hourly rates which were disclosed in our initial remuneration notice sent to creditors on 10 September 2024 (a copy of which can be provided to creditors upon request). Creditor approval for the Administrators' fees will be sought at the second meeting of creditors. The proposed resolutions and detailed fee breakdowns of work performed by the Administrators' staff for this voluntary administration are set out in our remuneration approval report at **Appendix H**, but can be summarised as follows:

For	Period	Amount (excluding GST)
Work already undertaken by the Administrators	5 September 2024 to 15 November 2024	\$236,091.00
Work to be undertaken by the Administrators	16 November 2024 to the completion of the voluntary administration	\$223,220.00
Administrators' total		\$459,311.00

Note, remuneration approvals for future fees are estimates and are expressed as a capped amount. However, we are only entitled to remuneration for time actually incurred, which may be less than the cap and we will be unable to draw fees until the work has actually been completed. If our actual time exceeds the cap, we are unable to draw the excess unless we seek additional approval from the creditors.

Should creditors resolve to adjourn the second meeting of creditors, we may seek approval of our further fees reflecting the additional work required by the Administrators in the additional time up to the subsequent meetings of creditors.

11.3 DOCA

If the creditors vote to approve the Arbitrium DOCA, we will also be seeking approval for the future remuneration of ourselves as the proposed deed administrators. Detailed estimates of those future fees are included in our remuneration approval report at **Appendix H**, but can be summarised as follows:

For	Period	Amount (excluding GST)
Future work for the DOCA period	From execution to conclusion of the DOCA	\$150,000.00
Deed of Company Arrangement total cap		\$150,000.00

Note, remuneration approvals for future fees are estimates and are expressed as a capped amount. However, we are only entitled to remuneration for time actually incurred, which may be less than the cap and we will be unable to draw fees until the work has actually been completed. If our actual time exceeds the cap, we are unable to draw the excess unless we seek additional approval from the creditors.

11.4 Liquidation

In the alternative, if the creditors vote in favour of liquidation we will instead seek approval for the future remuneration of the proposed liquidators. Detailed estimates of those future fees are included in our remuneration approval report at **Appendix H**, but can be summarised as follows:

For	Period	Amount (excluding GST)
Future work for the liquidation	From commencement to 31 December 2025	\$250,000.00
Liquidation total cap		\$250,000.00

Note, remuneration approvals for future fees are estimates and are expressed as a capped amount. However, we are only entitled to remuneration for time actually incurred, which may be less than the cap and we will be unable to draw fees until the work has actually been completed. If our actual time exceeds the cap, we are unable to draw the excess unless we seek additional approval from the creditors.

12 Meeting

Pursuant to s439A(3) of the Act and s75-225 of the IPR, we have attached a notice convening the second meeting of creditors to be held virtually at **11:00AM (AEDT) on 2 December 2024** (see Form 529 enclosed as **Appendix A**).

At this meeting creditors will be asked to resolve, amongst other things, whether:

- the Company execute a deed of company arrangement; or
- the administration end; or
- the Company be wound up.

Attendance at this meeting is not compulsory. Creditors may attend and vote in person (attendance using virtual meeting technology is deemed to be in-person attendance), by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532, a form is attached at **Appendix C**.

A special proxy can be lodged showing approval or rejection of each resolution. Proxy forms or facsimiles thereof must be lodged with the Administrators prior to the commencement of the meeting. Where a facsimile copy of a proxy is sent, the original must be lodged with the Administrators within 72 hours after receipt of the facsimile. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairman of the meeting, prior to the commencement of the meeting. Note, you can lodge a special proxy to us by email to shieldinvestors@deloitte.com.au.

Please note that a creditor is required to lodge a proof of debt or claim to be entitled to vote at the second meeting of creditors. A creditor will not be able to vote at the meeting unless a proof of debt or claim is lodged with me prior to the commencement of the meeting. Note, you can lodge a proof of debt to us by email to shieldinvestors@deloitte.com.au. If you have already lodged a proof of debt, you do not need to lodge another one for the purpose of this meeting, unless you wish to submit an amended claim.

We trust creditors find this report informative and useful. In the event you have any queries regarding the contents of this report, or the administration in general, please do not hesitate to contact our team by email to shieldinvestors@deloitte.com.au.

Yours faithfully



Jason Tracy

Joint and Several Administrator

Appendix A – Notice of meeting

FORM 529

CORPORATIONS ACT 2001
Section 439A

Insolvency Practice Rules (Corporations)
75-10, 75-15, 75-225

Keystone Asset Management Ltd
(Receivers and Managers Appointed) (Administrators Appointed)
ACN 612 443 008 (KAM or the Company)

Notice is given under *Insolvency Practice Rules (Corporations) (IPR)* Section 75-225 that a virtual meeting of creditors of the Company will be held:

Place: Virtual meeting
Date: Monday, 2 December 2024
Time: 11:00AM Australian Eastern Daylight Time (AEDT)

All creditors wishing to attend the meeting will need to attend by electronic means, and no physical place of meeting will be made available.

Attendance at the meeting is not mandatory.

Should you wish to attend the meeting and you would like to vote, you must complete a proof and debt and if relevant appointment of proxy form and return these to our office by **4:00PM on Friday, 29 November 2024** via email to shieldinvestors@deloitte.com.au.

Details for the virtual meeting will be provided once we receive the completed relevant forms from you.

Creditors may attend virtually and vote in person electronically, by proxy or attorney. The appointment of a proxy must be in the approved form. A special proxy can be lodged confirming approval or rejection of each resolution. Proxy forms must be lodged by email to our office by **4:00PM on Friday, 29 November 2024** via email to shieldinvestors@deloitte.com.au. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairperson of the meeting, prior to the commencement of the meeting.

Votes to be taken on a poll

Votes taken at the Meeting will be taken on a poll. This means that, to calculate the outcome of each resolution, the Voluntary Administrators must calculate the number and dollar value of each vote in favour together with the number and dollar value of each vote against. A resolution is taken to have passed if a majority in both number and dollar value have voted in favour.

AGENDA

The purpose of the meeting is:

1. to receive a Report on the Company' business, property, affairs and financial circumstances; and
2. For creditors to resolve:
 - a. that the Company execute a Deed of Company Arrangement; or
 - b. that the administrations should end; or
 - c. that the Company be wound up.

At the meeting, creditors may also, by resolution:

3. consider approval of the Prior Administrators and Voluntary Administrators' remuneration and disbursements
4. if the Company executes a Deed of Company Arrangement, and consider approval of the Deed Administrators' remuneration and disbursements, and
5. if the Company is wound up, consider approval of the Liquidators' remuneration and disbursements, appointing a Committee of Inspection and the early destruction of the Company's books and records.
6. Consider other matters should creditors vote for the Company to be wound up.

Dated this 25th day of November 2024



Jason Tracy
Joint and Several Administrator

PLEASE READ CAREFULLY
ATTENDANCE AT SECOND MEETING OF CREDITORS

Attendance at this meeting is not compulsory.

Should you wish to attend the meeting and you would like to vote, you must complete a proof and debt and if relevant appointment of proxy form and return these to our office by **4:00PM on Friday, 29 November 2024** via email to shieldinvestors@deloitte.com.au.

Otherwise you may be considered an observer and you will not be able to vote.

Details for the virtual meeting will be provided once we receive the completed relevant forms from you.

Relevant Forms

Annexure	Form	Information	Who should complete
C	532 – Appointment of Proxy	This form is required to be completed for each creditors meeting (i.e. proxies completed for the previous meeting are not valid at this meeting). A specific proxy can be lodged showing approval or rejection of each resolution if you would like to vote but are unable to attend the meeting.	Non-individual creditors (companies, trusts etc.) who want to be represented must appoint an individual to act on its behalf by executing a proxy form. Individuals may choose to appoint a proxy/representative to vote on their behalf by executing a proxy form. If an individual is attending in person a proxy form is not required.
B	535 – Proof of Debt	This form is required to register your claim against the Company. In order to vote at the meeting, a creditor needs to have completed a proof of debt to register a claim. Documents to substantiate your claim (e.g. invoices) must also be provided. There is no requirement to resubmit a proof of debt form unless the amount claimed has changed.	All creditors.

Entitlement to vote at meetings of creditors

Pursuant to rule 75-85 of the *Insolvency Practice Rules (Corporations)*:

1. A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
2. Subject to subsections (3), (4) and (5) each creditor is entitled to vote and has one vote.
3. A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - a. his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - b. he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim: i) those particulars; or ii) if required—a formal proof of the debt or claim.
4. A creditor must not vote in respect of:
 - a. an unliquidated debt; or

- b. a contingent debt; or
 - c. an unliquidated or a contingent claim; or
 - d. a debt the value of which is not established;
- unless a just estimate of its value has been made.

5. A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
- a. treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - b. estimate its value;
 - c. for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
6. A person is covered by this subsection if:
- a. the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - b. the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - c. the person is not an insolvent under administration or a person against whom a winding up order is in force.

Appendix B – Proof of Debt (Form 535)

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47
Corporations Act 2001

KEYSTONE ASSET MANAGEMENT LTD (RECEIVERS & MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED) ACN 612 443 008

Name of creditor:

Address of creditor:

ABN:

Telephone number:

Email:

Amount of debt claimed: \$..... (including GST \$.....)

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

Other Information:

☐

I am **not** a related creditor of the Company*

☐

I am a related creditor of the Company¹

relationship:.....

*Related Party / Entity: Director, relative of Director, related company, beneficiary of a related trust.

Is the debt you are claiming assigned to you?

No ☐ Yes ☐

If **yes**, attach written evidence of the debt, the assignment and consideration given.

☐ Attached

If **yes**, what value of consideration did you give for the assignment (eg, what amount did you pay for the debt?) \$.....

Email:

Signature of Creditor
(or person authorised by creditor)

Dated

Notes:

Under the Insolvency Practice Rules (Corporations) (IPR) 75-85, a creditor is not entitled to vote at a meeting unless:

- his or her claim has been admitted, wholly or in part, by the Joint and Several Administrators; or
 - he or she has lodged with the Joint and Several Administrators particulars of the debt or claim, or if required, a formal proof of debt.
- At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security (IPR 75-87).

Proxies must be made available to the Joint and Several Administrators.

Appendix C – Proxy Form (Form 532)

FORM 532
APPOINTMENT OF PROXY
CREDITORS MEETING

KEYSTONE ASSET MANAGEMENT LTD
(RECEIVERS AND MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED)
ACN 612 443 008 (the Company)

*I/*We ⁽¹⁾	
Of (insert Address)	
being a creditor of the Company, appoint ⁽²⁾ :	
Or in his or her absence ⁽²⁾ :	
to vote for me/us on my/our behalf at the virtual meeting of creditors to be held on Monday, 2 December 2024 at 11:00AM (AEDT) , or at any adjournment of that meeting.	

Please mark boxes with

X

Proxy Type:

☐

General

☐

Special

	For	Against	Abstain
Future of the company			
Resolution 1 To consider and if thought fit, pass the following resolution (choose <u>ONE</u> of a, b or c):			
a) That the Company executed a Deed of Company Arrangement (DOCA) as proposed by Arbitrium Capital Partners as described in the Administrators' report to creditors dated 25 November 2024 and that Jason Mark Tracy and Glen Kanevsky be appointed as the Deed Administrators.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) That the Administration end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) That the Company be wound up and Jason Mark Tracy and Glen Kanevsky be appointed Joint and Several Liquidators.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prior Administrators' remuneration and disbursements			
Resolution 2 That the remuneration of the Prior Administrators for the period 28 August 2024 to 6 October 2024 in the amount of \$100,669.50, excluding GST, calculated on the basis of time spent by the Prior Administrators and KordaMentha staff as detailed in the Remuneration Approval Report to creditors dated 14 November 2024, is approved for payment immediately or as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolutions 3 That the internal disbursements of the Prior Administrators, including those paid to staff, for the period 28 August 2024 to 5 September 2024 in the amount of \$400.00, excluding GST, calculated at the rates as detailed in the Remuneration Approval Report to creditors dated 14 November 2024, as approved for payment immediately or as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Administrators' remuneration and disbursements			
Resolution 4 (KAM-1) That the remuneration of the Joint and Several Voluntary Administrators, for the period of the voluntary administration from 5 September 2024 to 15 November 2024, calculated at the hourly rates as detailed in the notice to creditors dated 10 September 2024 and the Remuneration Approval Report dated 25 November 2024, is approved for payment in the sum of \$236,091.00 exclusive of GST, and that the Joint and Several Voluntary Administrators can draw the remuneration immediately or as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 (KAM-2) That the future remuneration of the Joint and Several Voluntary Administrators from 16 November 2024 to the completion of the voluntary administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the notice to creditors dated 10 September 2024 and the Remuneration Approval Report dated 25 November 2024, up to a capped amount of \$223,220.00 exclusive of GST, and that the Joint and Several Voluntary Administrators can draw the remuneration on a monthly basis or as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deed Administrators' remuneration (if creditors approve the proposed DOCA)			
Resolution 6 (KAM-3) That the future remuneration of the Deed Administrators' from the commencement of the deed of company arrangement to finalisation of the deed of company arrangement is determined at a sum equal to the cost of time spent by the Deed Administrators' and their partners and staff, calculated at the hourly rates as detailed in the notice to creditors dated 10 September 2024 and the Remuneration Approval Report dated 25 November 2024, up to a capped amount of \$150,000.00 exclusive of GST, and that the Deed Administrators' can draw the remuneration on a monthly basis or as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Liquidators' remuneration (if creditors resolve to wind up the Company)			
Resolution 7 (KAM-4) That the future remuneration of the Joint and Several Liquidators from the commencement of the liquidation to 31 December 2025 is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the notice to creditors dated 10 September 2024 and the Remuneration Approval Report dated 25 November 2024, up to a capped amount of \$250,000.00 exclusive of GST, and that the Joint and Several Liquidators can draw the remuneration on a monthly basis or as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other resolutions			
Resolution 8 That a Committee of Inspection be appointed, the members of which are to be determined at the meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 That, subject to obtaining the approval of the Australian Securities & Investments Commission (ASIC) pursuant to section 70-35 of the Insolvency Practice Schedule, the books and records of the Company and of the Liquidators be disposed of by the Liquidators 12 months after the dissolution of the Company, or earlier at the discretion of ASIC.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this day of 2024.

Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

I, of
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

(1) If a firm, strike out "I" and set out the full name of the firm.

(2) Insert the name, address and description of the person appointed

Appendix D – DIRRI

Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)

Keystone Asset Management Ltd (ACN 612 443 008) (KAM or the Company)

This document requires the Practitioners appointed to an insolvent entity to make declarations as to:

1. their independence generally;
2. relationships, including:
 - 1.1 the circumstances of the appointment;
 - 1.2 any relationships with the Company and others within the previous 24 months;
 - 1.3 any prior professional services for the Company within the previous 24 months;
 - 1.4 that there are no other relationships to declare; and
3. any indemnities given, or up-front payments made, to the Practitioners.

This declaration is made in respect of ourselves, our partners and Deloitte Australia. In this document, Deloitte Australia means the Australian partnership of Deloitte Touche Tohmatsu and each of the entities under its control, including Deloitte Financial Advisory Pty Limited.

A. Independence

We, Jason Tracy and Lucica Palaghia of Deloitte have undertaken a proper assessment of the risks to our independence prior to accepting the appointment by the Court as Voluntary Administrators (in replacement of Scott Langdon, John Mouawad and Michael Korda of KordaMentha) of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence in light of the orders of his Honour, Justice Moshinsky of the Federal Court of Australia (the **Court**) in *Australian Securities and Investments Commission v Keystone Asset Management Ltd (Receivers and Managers appointed) (Administrators appointed) (ACN 612 443 008) and Anor* in VID 536/2024 (**Proceedings**) on 5 September 2024 (**5 September Orders**). We are not aware of any reasons that would prevent us from accepting this appointment.

When the Court's reasons for the 5 September Orders are published, these will be made available and will be published on the Deloitte website at: <https://www.deloitte.com/au/keystone> and creditors will be notified.

B. Declaration of Relationships

Circumstances of appointment

The circumstances leading to our appointment by the Court as Voluntary Administrators of KAM initially arose from the work that we undertook in respect of KAM and the Relevant Associated Entities as listed in Schedule A. In this regard, in this section of our DIRRI, we have provided details of the circumstances which led to this initial work in relation to KAM and the Relevant Associated Entities as listed in Schedule A up until the date of this declaration. We note that following our initial engagement, the Court appointed us, with ASIC's consent, to take control of KAM's bank accounts, supervise KAM's payments and produce a report to ASIC (among other things). The Court then appointed us as Receivers and Managers on the application of ASIC and finally, as Voluntary Administrators. Our previous interactions with KAM were disclosed to the Court and formed the factual basis upon which the Court made the subsequent appointment orders. Since 26 June 2024, we have been under the supervision of the Court and acting in compliance with the Court orders in these Proceedings.

Circumstances of our initial engagement

On 1 February 2024, Jason Tracy was contacted by Samantha Kinsey, Partner of King & Wood Mallesons (**KWM**) who requested that Deloitte Financial Advisory Pty Ltd (**Deloitte**) undertake conflict searches to determine whether Deloitte could provide services in connection with KAM in its capacity as the Responsible Entity for the Shield Master Fund (**SMF**) and in its capacity as Trustee for the Advantage Diversified Property Fund (**ADPF**). KWM were engaged as KAM's legal advisors in relation to KAM's related party arrangements.

Engagement between Deloitte and KWM ("8 February Engagement")

On 8 February 2024, Deloitte was engaged by KWM, on a privileged and confidential basis, for the purpose of providing "...an independent review of the related party arrangements (**Arrangements**) entered into by [KAM] as Trustee for the Shield Master Fund ARSN 650 112 057 (**Shield**) and the Advantage Diversified Property Fund (the **Services**) to assist KWM in providing legal advice to KAM. The purpose of the engagement and scope of the Services was set out in the engagement letter as follows:

"The purpose of the Services is to assist you to advise [KAM] in relation to the Arrangements and whether those Arrangements reflect at least arm's length terms and to extent that those Arrangements do not reflect arm's length terms, providing recommendations in respect of amendments to the Arrangements to ensure (to the extent possible) that they can be properly characterized as arrangements on arm's length terms (the Purpose).

...

The scope of the work is detailed below:

Phase 1: Review of related party arrangements

- Understand the current and proposed Arrangements, including:
 - Entity, legal and security structures
 - Assets held by entity and value of those assets
 - Key financing and other contractual agreements, including value of loans and amounts outstanding
 - Management agreements
 - Value of investor funds and forecast redemption cycles

- *Review of public disclosure documents*
- *Review and comment on the key terms of the Arrangements, and the extent to which they reflect at least arm's length terms and to extent that those Arrangements do not reflect arm's length terms, providing recommendations in respect of amendments to the Arrangements to ensure (to the extent possible) that they can be properly characterized as arrangements on arm's length terms." [Deloitte did not conclude or provide an opinion in relation to this scope item.]*

Variation to the engagement between Deloitte and KWM ("4 March Variation")

On 4 March 2024, Deloitte and KWM agreed to vary the Services which Deloitte had been engaged to provide pursuant to the engagement letter dated 8 February 2024 discussed above. Pursuant to the variation, Deloitte were engaged to provide the following services on a privileged and confidential basis:

"Shield Master Fund | Verification of Sources and Uses of Funds Under Management

Verify the source and uses of Shield funds under management by:

- i. *Agreeing the funds invested in Shield to Boardroom registry records and bank statements*
- ii. *Where funds have been invested by Shield into ADPF:*
 - a) *Agree the amount invested by Shield to ADPF unit registers and verify payment to bank statements*
 - b) *For each of the loans advanced by ADPF to development SPVs, understand the purpose of each drawdown request by agreeing loan drawdowns to:*
 - *The loan draw down notice*
 - *Supporting documentation for each development cost included in the drawdown notice (such as development cost invoices, land acquisition and other contracts, construction claims)*
 - *Agree payment of the drawdown amount by ADPF to the ADPF bank statements*
 - *For each drawdown amount received by the Developer from ADPF, agree payment of the development cost from the Developer's bank statement to third parties.*
- iii. *Agreeing Shield's investment into the SPW Global Growth Fund, Archangle [sic] Ventures 2022, Fiducial SMA Funds and Direct Listed investments to third party statements*
- iv. *All other Shield fund outflows: Agree outflows to supporting documentation (such as invoices, investment management agreements) and verify payment of the outflows to bank statements."*

Engagement between Deloitte and KAM as the Responsible Entity for the SMF ("4 March Engagement")

On 4 March 2024, Deloitte was engaged by KAM in its capacity as the Responsible Entity for the SMF to provide the following services:

"Verification of loan draw down requests

For each loan draw down request:

1. *Verify the loan draw down amount per the draw down notice to third party invoices*
2. *Confirm that the third party invoice relates to the project to which the draw down has been requested*
3. *For construction invoices, independently verify with the Construction Manager amounts owing to each subcontractor and the project to which they relate*
4. *For development invoices, independently verify with the Development Manager amounts owing to each consultant and the project to which they relate*
5. *On a weekly basis, once loan funds have been advanced from ADPF to the related party development entity, reconcile payment of the third party invoices to the Developer bank statements*

The scope of the work contained within our 8 February Engagement, 4 March Variation and 4 March Engagement was provided to the Court before all of our appointments made by Orders of the Court.

Work undertaken pursuant to the Court Orders dated 26 June 2024 in the matter of ASIC -v- Keystone and another, Paul Anthony Chiodo in Proceeding No. VID536/2024 in the Federal Court of Australia ("26 June Orders")

On 17 June 2024, ASIC applied to the Court in the Proceedings for, among other things, appointment of receivers and managers to the property of the SMF, ADPF and Quantum PE Fund.

Pursuant to the 26 June Orders (which were made by the Court with the consent of ASIC), we were:

1. "... appointed, jointly and severally without giving security, to have full control of any bank account held in the name of the [KAM], the Shield Master Fund, or beneficially held by either, until further order."
2. Required to "... validate ..." whether "the First Defendant is permitted to enter into ... transactions as validated ... in accordance with paragraph (a) of the Undertaking above (**Permitted Transactions**)"
3. Required to "provide a weekly report to the Plaintiff [ASIC] each Friday listing all Permitted Transactions entered into by the First Defendant during that week and identifying any rejected transactions;"
4. Required to "... provide to the Plaintiff [ASIC] by 23 July 2024 a report ... on the financial position of the Shield Master Fund and the Advantage Diversified Property Fund."

Subsequent to 26 June 2024, in addition to undertaking work to comply with the 26 June 2024 Orders, Deloitte has also undertaken work to:

- Review and respond to queries from ASIC with respect to information disclosed within the report which we prepared with respect to the financial position of the SMF and the ADPF as required by the abovementioned court orders, and
- Collating records to comply with a notice to produce documents which was provided to us by ASIC. This notice requested documents which related to the report which we prepared with respect to the financial position of the SMF and the ADPF as required by the abovementioned court orders.

A copy of the 26 June 2024 Orders is attached.

ASIC's application for appointment of receivers to the property of the Funds was listed for hearing on 27 August 2024.

Work undertaken pursuant to the Court Orders dated 27 August 2024 in the matter of ASIC -v- Keystone and another, Paul Anthony Chiodo in Proceeding No. VID536/2024 in the Federal Court of Australia ("27 August Orders")

At the hearing in the Proceeding on 27 August 2024, ASIC sought orders appointing us as Receivers and Managers (**Receivers**) of KAM in its capacity as the Responsible Entity for the Shield Master Fund, Trustee for the Advantage Diversified Property Fund and Trustee of the Quantum PE Fund (being the **Relevant Capacities**). The application was opposed by KAM who sought a two-week adjournment of the hearing to explore alternative options.

ASIC was successful in its application and, pursuant to the Court Orders dated 27 August 2024 in the Proceedings, we were appointed court appointed Receivers and Managers of KAM in its capacity as the Responsible Entity for the Shield Master Fund, Trustee for the Advantage Diversified Property Fund and Trustee of the Quantum PE Fund (being the **Relevant Capacities**) for the purposes of:

"a. identifying, collecting and securing the Property of [KAM] held in any of its Relevant Capacities;

- b. ascertaining the amount of the Investor Funds received by [KAM];
- c. identifying any dealings with, payments of, distributions of or uses made of the Investor Funds by [KAM];
- d. identifying any Property purchased or acquired, directly or indirectly, with Investor Funds; and
- e. recovering Investor Funds”

for the purpose of attaining the objectives set out above, the Court granted the Receivers with the powers set out in Sections 420(1) and (2)(a), (b), (e), (f), (g), (h), (j), (k), (n), (p), (q), (r), (t) and (u) of the Corporations Act 2001 (Cth), and with a power to apply to the Court for directions or further orders. The 27 August Orders did not extend to the sale of any property of KAM without prior leave of the Court.

This appointment is ongoing as at the date of this DIRRI. A copy of the 27 August Orders is attached.

Prior professional services in respect of KAM

We have provided the professional services set out in the table below in the 24 months prior to acceptance of this appointment. On the bases set out for each engagement below, we do not consider that these prior services (whether individually or collectively) hamper, impede or influence our capacity to fully discharge the statutory and fiduciary obligations associated with the external administration of KAM in light of the 5 September 2024 Orders.

1. 8 February Engagement and 4 March 2024 Variation

Details		Reasons why there is no conflict of interest or duty
Services	Services rendered in relation to the 8 February Engagement and 4 March Variation described above	<ul style="list-style-type: none"> The engagement involved undertaking an independent review of the related party arrangements entered into by KAM in its role as Responsible Entity for the Shield Master Fund and the Advantage Diversified Property Fund, and the development of a ‘sources and uses’ analysis of the funds controlled by KAM in its capacity as Responsible Entity of the Shield Master Fund based on company and third-party records (such as bank statements). While the 8 February Engagement letter originally anticipated that Deloitte would provide recommendations in respect of amendments to the related party arrangements to ensure that they could be properly characterised as arrangements on arm's length terms, we did not conclude or provide an opinion in relation to this scope item. At no time did Deloitte have any responsibility for any financial and/or management functions of the Company.
Parties	KWM and Deloitte	
Date of commencement and completion	Work commenced on 8 February 2024, and the engagement was terminated on 26 June 2024	
Fees	<p>Deloitte billed a total of \$796,075 (excluding GST) to KWM for these services and has since reduced this amount by \$44,649 (excluding GST).</p> <p>Deloitte received \$751,426 (excluding GST) in relation to these services, \$701,075 (excluding GST) of which was received within the last 6 months).</p>	

		<p>Deloitte was not responsible for the creation or modification of any related party arrangements. Deloitte was not responsible for the creation or modification of any financial records of the Company.</p> <ul style="list-style-type: none"> • We do not expect any of the work done would be subject to review or challenge during the course of the Administration or in the event of the Company's liquidation, due to the nature of the engagement. • Deloitte undertakes work from time to time referred to us on behalf of KWM, as do insolvency practitioners from other firms. This includes the appointment of Deloitte registered liquidators to companies as a formal appointment where KWM has asked us to consent to act. • We have not identified any issue in relation to this relationship that would give rise to a conflict in undertaking the administration of the Company. This relationship does not impact our independence. • Referrals from lawyers, accountants, business advisors and government agencies are commonplace and do not affect our independence in discharging our duties as voluntary administrators.
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2. 4 March Engagement

Details		Reasons why there is no conflict of interest or duty
Services	Services rendered in relation to the 4 March Engagement described above	<ul style="list-style-type: none"> • The engagement involved certain matching and confirmation procedures relating to draw-down requests received by KAM in its capacity as Responsible Entity for the Shield Master Fund to third party invoices and other documents supporting the draw-down amount. • Deloitte was not responsible for the creation or modification of any financial records of the Company. • We do not expect any of the work done would be subject to review or challenge during the course of the Administration or in the event of the Company's liquidation, due to the nature of the engagement.
Parties	KAM and Deloitte	
Date of commencement and completion	Work commenced on 4 March 2024, and work was completed by 6 March 2024	
Fees	<p>Deloitte billed a total of \$5,113 (excluding GST) to KAM for these services.</p> <p>Deloitte received \$5,113 (excluding GST) in relation to these services (all of which was received within the last 6 months).</p>	

		<ul style="list-style-type: none"> We have not identified any issue in relation to this relationship that would give rise to a conflict in undertaking the administration of the Company. The relationship has not impacted our independence.
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3. 26 June Orders

Details		Reasons why there is no conflict of interest or duty
Services	Services rendered in relation to the 26 June Orders as noted above.	<ul style="list-style-type: none"> This engagement was undertaken by Order of the Federal Court of Australia in Proceeding No. VID536/2024. Full disclosure of our prior work and relationship to the KAM and the Relevant Associated Entities listed in Appendix A was provided to the Court and the Plaintiff (ASIC) prior to the Orders being made. The Orders were consented to by ASIC and were pursuant to the Court hearing. The Orders provided us with control over certain bank accounts operated by KAM and required us to independently report to ASIC on the financial position of the Shield Master Fund and the Advantage Diversified Property Fund. While Deloitte had control over certain bank accounts, we were not responsible for management of the business and its affairs, but rather, we were responsible to the Court. Deloitte was not responsible for the creation or modification of any financial records of the Company. We do not expect any of the work done would be subject to review or challenge during the course of the Administration or in the event of the Company's liquidation, due to the nature of the engagement. We have not identified any issue in relation to this relationship that would give rise to a conflict in undertaking the administration of the Company. The relationship has not impeded our independence.
Parties	Deloitte	
Date of commencement and completion	Work commenced immediately upon the Court orders being made on 26 June 2024. Deloitte's report to the Court was delivered on 27 July 2024. Our control of the relevant bank accounts remained in place until 4pm on 28 August 2024 .	
Fees	<p>Under the terms of the 26 June Orders, Deloitte fees are required to be approved by the Court prior to payment.</p> <p>At this stage, we have not sought approval of our fees in this engagement from the Court however this will be done in due course.</p>	

4. 27 August 2024 Orders

Details		Reasons why there is no conflict of interest or duty
Services	Services rendered in relation to the 27 August Orders described above	<ul style="list-style-type: none"> • This engagement was undertaken by Order of the Federal Court of Australia in Proceeding No. VID536/2024. • Our appointment pursuant to the Orders was sought by ASIC. • Full disclosure of our prior relationship to the KAM and the Relevant Associated Entities listed in Appendix A was provided to the Court and the Plaintiff (ASIC) prior to the orders being made. • The Orders provided us with control over KAM in its capacity as the Responsible Entity of Shield Master Fund only. • The purpose and scope of the engagement is aligned to the Voluntary Administration process in terms of identifying, protecting and securing KAM's assets. • We do not expect any of the work done would be subject to review or challenge during the course of the Administration or in the event of the Company's liquidation, due to the nature of the engagement. • We have not identified any issue in relation to this relationship that would give rise to a conflict in undertaking the administration of the Company. The relationship has not impeded our independence.
Parties	Deloitte	
Date of commencement and completion	Work commenced immediately upon the stay on the 27 August Orders being lifted at 4pm on 28 August 2024 and now continues in parallel to the Voluntary Administration appointment.	
Fees	<p>Under the terms of the 27 August Orders, Deloitte's fees are required to be approved by the Court prior to payment.</p> <p>At this stage, we have not sought approval of our fees in this engagement from the Court however expect this will be done in due course.</p>	

Relevant relationships (excluding Professional Services to the Company)

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with KordaMentha, the firm of which the former Voluntary Administrators of the Company are Partners. Details of this nature of this relationship and the reasons it does not result in a conflict of interest are below:

Name	Nature of relationship	Reasons why this relationship does not result in a conflict of interest
KordaMentha	<p>Partners of KordaMentha were formerly appointed as Voluntary Administrators of the Company.</p> <p>Deloitte Australia has undertaken a number of GST advisory engagements referred to us by KordaMentha in the usual course of business.</p>	<p>We do not consider previous GST advisory engagements for KordaMentha to present a conflict as there is no connection between these engagements and the Company.</p> <p>The provision of GST advisory services to KordaMentha brings about a commercial relationship that in our opinion does not present a conflict or impediment as it does not impact upon the position of the Company.</p> <p>We are not paid any commissions, inducements or benefits to undertake any engagements for KordaMentha and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party.</p> <p>Therefore, there is no relationship with KordaMentha which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.</p>

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 has security over the whole or substantially whole of the Company's property that should be disclosed.

C. Indemnities and up-front payments

We have not been provided with any indemnities, other than any indemnities which may be available to us under statute, and we have not received any up-front payments in respect of our remuneration or disbursements.

DATED this 9th day of September 2024



Jason Tracy
Partner
Deloitte



Lucica Palaghia
Partner
Deloitte

Notes:

1. If circumstances change, or new information is identified, we are required under the Corporations Act 2001 (Cth) and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
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 1, 2 and 3 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.

Schedule A – Details of KAM and its Relevant Associated Entities

Company Name	ACN
Keystone Asset Management Ltd	612 443 008
Keystone Asset Management Ltd in its capacity as the Responsible Entity for the Shield Master Fund	650 112 057
Keystone Asset Management Ltd in its capacity as the trustee for the Advantage Diversified Property Fund	-
Keystone Asset Management Ltd in its capacity as the trustee for the Quantum PE Fund	-

Appendix E – ARITA Information Sheet on Offences, Recoverables 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.

Appendix F – Arbitrium DOCA

Arbitrium Capital Partners

PROJECT BISTRO | RESTRUCTURE PROPOSAL

November 2024

Commercial in Confidence

Disclaimer

This material has been prepared by Arbitrium Credit Partners Pty Ltd ACN 644 484 659 AFSL number 532796 (“Arbitrium Capital Partners” or “Arbitrium” or “ACPPL”).

This information has been prepared for the use by Deloitte as Voluntary Administrators and Receivers and Managers of Keystone Asset Management Ltd, Australian Securities and Investments Commission, Equity Trustees Superannuation Limited and Macquarie Investment Management Limited, in relation to Arbitrium’s restructuring proposal for Keystone Asset Management Ltd (“Project Bistro”).

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This document is current as of 23 November 2024 unless otherwise indicated, and subject to change without notice.

About Arbitrium Capital Partners

2020

Founded in 2020, Arbitrium Capital Partners (“**Arbitrium**”) is an Australian investment firm specialising in investing in special situations, opportunistic, stressed and distressed credit. Arbitrium invests in event-driven transactions where there is an opportunity for a turnaround and takes an active role in the restructuring of the investment. Arbitrium holds a AFSL number 532796 which is a wholesale investments

\$350
million

Arbitrium has raised over \$350 million in commitments from major Australian and global asset managers thereby validating Arbitrium’s investment strategy and its team’s credibility.

Solid
Team

Over the last 4 years Arbitrium has built a highly credentialed investment team with 100+ years of combined experience in credit, funds management, Corporate Trustee and Responsible Trustee services, and corporate turnarounds.

Experts

ACP is experienced in managing complex turnarounds both in Australia and globally, and in successfully improving the underlying assets and creating value for its investors.

Arbitrium's Proposal

Arbitrium's proposal anticipates an expected return of **90 cents to 100 cents** in the dollar for the unitholders of SMF under vs an anticipated return of **37 cents to 40 cents in the dollar** for the unitholders of SMF in a liquidation of KAM.

- Arbitrium Capital Partners proposes to acquire 100% of Keystone Asset Management Ltd ("**KAM**"), including its AFSL, for \$1.00 via a Deed of Company Arrangement ("**DOCA**"). All business liabilities, except breach claims, will be assumed.
- Arbitrium's restructuring plan is detailed in the Restructuring Implementation Deed ("**RID**"), which outlines the steps to achieve a better return for SMF unitholders compared to an immediate winding-up of KAM.
- Arbitrium has assembled a highly experienced team of advisors and service providers, including Perpetual Group, Baker McKenzie, and KordaMentha, to help navigate the complexities of this transaction and maximize returns for SMF unitholders.
- Arbitrium will replace the KAM Board of Directors and senior management. We will establish clear governance structures with independence at both the RE and Investment Manager levels, including a KAM Board of Directors with independent members and a Governance and Legal Risk Committee with oversight from Macquarie and Equity as observers throughout the recovery process.
- Redemptions from the Shield Master Fund will be suspended for 12-18 months, except for hardships, while Arbitrium undertakes the asset realization and recovery actions.
- Arbitrium intends to utilise approximately \$180 million in liquid cash to complete two (2) residential development projects and finalize the settlement of the Venice Hotel. If the use of liquid cash is not approved, any fresh capital injected by Arbitrium will be at a senior secured level, with enhancement instruments, targeting a minimum IRR of 15% per annum, net of fees, and a minimum MOIC of 1.25x. However, this may negatively impact the returns for SMF unitholders.
- It is important to understand how Arbitrium will utilise the existing \$180 million in the Bell Potter managed account. At the moment, these funds are mainly invested in ETFs. Given the expected volatility in the global financial markets, the majority of funds will be directed to invest into government bonds (10-year Australian or US treasuries), which have lower volatility than ETFs. A portion of the funds to be held in cash to fund redemptions (for hardships only) trade creditor payments and fund costs & expenses). Arbitrium will collateralise these bonds to raise capital (at very low cost of debt) to complete the Venice Hotel transaction as well as the 2 x identified residential development projects. The loans will be repaid from the sale of the Venice hotel.
- Arbitrium will continue to undertake detailed investigations into the remaining residential and hotel & commercial development projects.
- **Arbitrium expects to deliver a return of 90 to 100 cents per dollar for SMF unitholders, compared to an estimated return of 37 to 40 cents per dollar in a liquidation scenario. This is based on the last recorded NAV of SMF, which was \$480,708,685.**

Arbitrium's Proposal | Key Advantages

Arbitrium's proposal anticipates an expected return of **90 cents to 100 cents** in the dollar for the unitholders of SMF under vs an anticipated return of **37 cents to 40 cents in the dollar** for the unitholders of SMF in a liquidation of KAM.

Key advantages

01

Expected increase in return to KAM unit holders of up to 36 cents in the dollar

02

Arbitrium has the co-operation of Chiodo corporation, increasing optionality and return for KAM

03

Our proposal provides the ability to obtain external funding to complete projects and maximise unit holder value

04

Our proposal aligns with the investment horizons of underlying investors

05

Optionality and time horizon reduces discount on assets compared to a 'fire sale'

06

Cost of administration likely to be significantly lower, increasing unit holder returns

Details

- The DOCA anticipates an expected return of 68 cents to 73 cents in the dollar for the unitholders of SMF under vs an anticipated return of 37 cents to 40 cents in the dollar for the unitholders of SMF in a liquidation of KAM.
- Without the co-operation of Chiodo corporation, the ability for KAM to recover its position in the SPVs is extremely limited given most advances are unsecured.
- Chiodo also holds equity upside which is only available under the restructure proposal.
- An insolvency process curtails the ability to obtain external finance and complete projects.
- Funding may be provided by Arbitrium or a third-party lender.
- Investments were made with a 5+ year investment horizon. Most unit holders do not desire a liquidation of their investment and immediate return of capital.
- We expect in a liquidation scenario, asset positions will be heavily discounted. In many instances the asset is an unsecured loan – a difficult asset to realise in the current circumstances.
- The proposed Arbitrium team is an experienced and well credentialed fund manager that will reduce the costs incurred from external administration.
- Co-operation with Chiodo will materially reduce enforcement and litigation costs of KAM.

Arbitrium's RID & DOCA

Arbitrium's DOCA and RID are structured to align all stakeholders in a plan that seeks to deliver a better return to SMF unitholders than a liquidation outcome.

DOCA

- The DOCA outlines the terms to facilitate the restructuring of the Company, as specified in the RID, aiming to provide a better return for investors and creditors than an immediate liquidation.
- The DOCA will release all investors' claims against the Company but will not affect or diminish investors' rights related to the SMF, including redemption rights under the PDS.
- Claims by Excluded Creditors, including Paul Chiodo, Ilya Frolov, and Chiodo Corporation Pty Ltd, are addressed in the RID.

RID

- The RID outlines all the necessary steps to implement the restructuring plan. It binds key stakeholders, including Arbitrium, KAM, ASIC, Deloitte, Macquarie Investment Management Limited, Equity Trustees Superannuation Limited, Paul Chiodo, and Ilya Frolov.
- Neither the DOCA nor the RID will release, prejudice, or compromise any investigations or claims that ASIC or the Company may have against the previous management, or third parties related to the Company and/or the Funds.
- The realisation strategy is crucial for maximising returns for SMF unitholders. The RID also introduces a reporting date, set three months after the DOCA becomes effective.
- Arbitrium has conducted a high-level review of all residential and hotel development projects that ADPF is invested in. Arbitrium can express which projects it will complete and which require further investigations. The RID allows for a reasonable time to investigate further providing optionality and to make informed decisions as Arbitrium works towards maximizing unitholder returns.

Arbitrium's Team



Harvey Kalman | Chairman of the Board, Chairman of Credit Risk Committee, Non-Executive Director

Harvey is a senior executive and board member with over 30 years in financial services, having provided leadership and strategic advisory across risk management, funds management, service provision, operations and innovation. He oversaw the setup and success of Equity Trustees Corporate Trustees Services (ASX: EQT), increasing funds under supervision from \$0.5m in January 2000 to over \$100bn in July 2021. Harvey has been a Responsible Entity and Trustee for over 400 MIS schemes (registered and unregistered.)



Ian Lundy | Independent Investment Committee Member

Ian has more than 25 years' experience as an investment executive and non-executive director, including as Chief Investment Officer of Tasplan, a \$9bn industry super fund. Ian's experience covers all aspects of the investment process, and he has a specific interest in the management of unlisted assets and direct investing in select asset classes. He was a director of Hobart Airport for seven years, and a director of Utilities Trust of Australia, a \$6bn infrastructure fund.



Mukhtader Mohammed | Co-Founder and Managing Director

Mukhtader has over 18 years' experience in distressed debt, capital restructuring, turnaround management and M&A across a range of industries. Mukhtader has worked in Australia, USA, Papua New Guinea and Singapore. Mukhtader was previously a Director in Restructuring Services at Deloitte. Prior to that, Mukhtader has worked with Qantas Airlines Group and Taylor Woodings (now FTI Consulting Australia). Mukhtader has worked on some of Australia's largest and most complex corporate restructuring transactions with debt values aggregating approximately \$14bn.



Marc Fisher | Independent Investment Committee Member

Marc's career in financial markets began in 1997. Currently, he serves as Chairman of Absolute Equity Performance Fund (ASX: AEG) and as a Senior Managing Director and Board Member of LumRisk, a global fintech risk management specialist. Marc previously worked for FRM in Hong Kong (now Man Group PLC's multi-manager business). Previously, Marc was a Managing Director at Citigroup in London, and prior to Citigroup, Marc started his career at Deutsche Bank in London.



Daniel Liptak | Co-Founder and Chief Operating Officer

Daniel has over 26 years in alternative investments and investment banking. Daniel is an established CPA qualified leader who has held a variety of senior leadership roles and significant experience in funds management at major financial services firms including; Goldman Sachs, UBS and Deloitte which have provided him with a high awareness of the issues surrounding compliance, governance and investment strategies, as well as operating model designs, credit research and project management.



Michelle East | Compliance Committee Chair

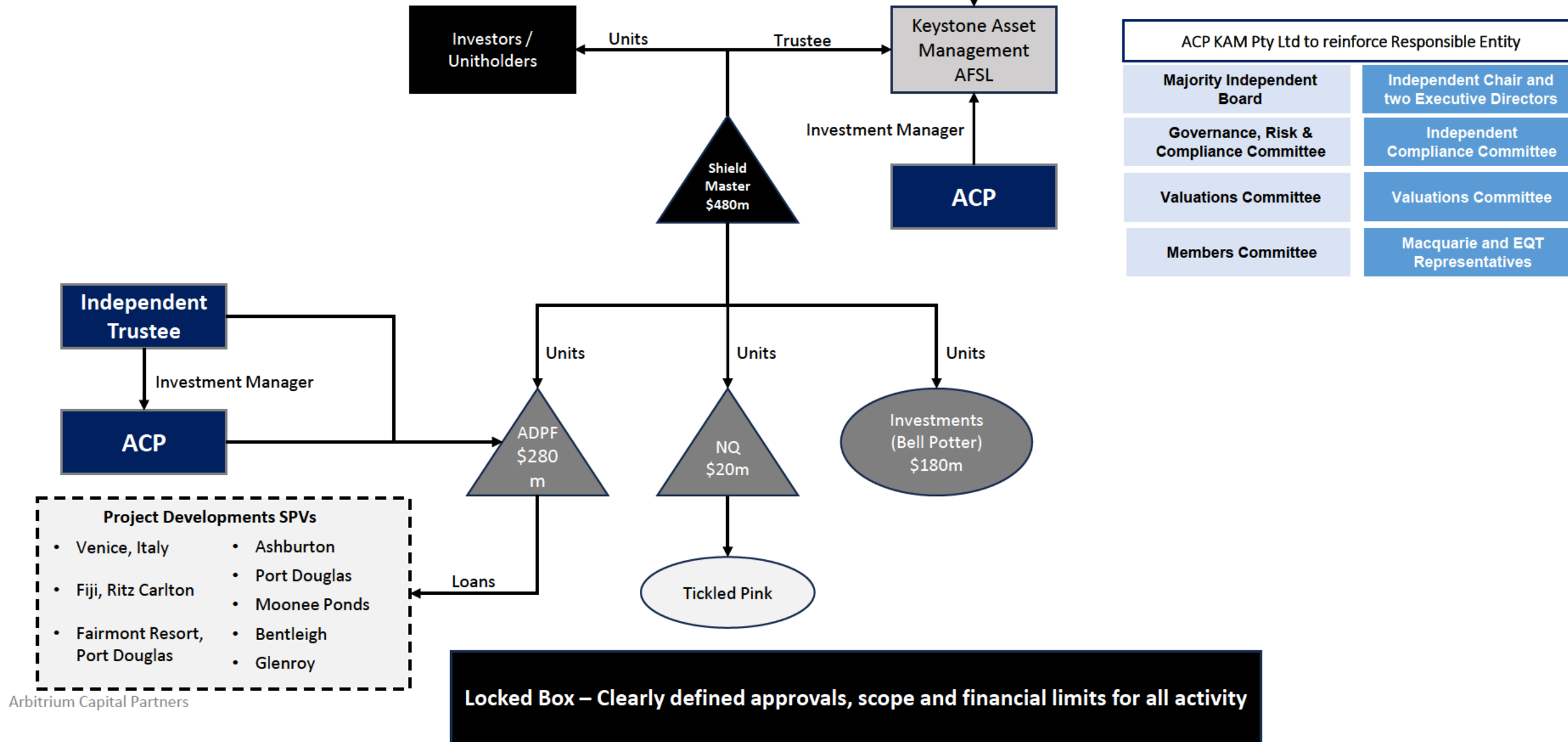
Michelle began her financial services career in investment services at Perpetual Trustees. At Westpac Banking Corporation, she held dealing and product management positions before moving to risk management responsible for compliance, credit and operational risk frameworks. As a project manager and then Head of Strategy, she was responsible for developing strategy and implementing change programs in the Investment Bank.

Arbitrium's Team (Cont'd)

Arbitrium has also assembled a highly credentialed team of advisors and service providers to assist in implementing its restructuring plan with the aim to provide the best possible return of funds to the unitholders of the SMF.

Proposing Group		ACP KAM Pty Ltd CAN is the DOCA proponent which seeks to acquire KAM. Arbitrium is a wholly owned subsidiary of Arbitrium Capital Partners. and adopt the current liabilities relating to business operations, except any claims with respect to breaches.
Trustee Services		Perpetual Corporate Trust have advised Arbitrium on the governance planning for KAM with the right conflicts management strategy and governance structure including the respective committees that will be required with the robust reporting and committed cadence to provide the unitholders of SMF the comfort that their funds are being well managed.
Legal Advisor		Baker McKenzie is assisting Arbitrium in drafting the DOCA and RID. Baker McKenzie will continue to assist Arbitrium in navigating the legalities of executing the RID, amending the loan documents between ADPF and the residential development SPVs, where required, and advising Arbitrium on all legal matters as Arbitrium executes its strategy to provide the best possible return of funds to the unitholders of SMF.
Restructuring Advisor		KordaMentha's restructuring team is assisting Arbitrium in its DOCA and RID proposal. The team are expected to continue to assist Arbitrium in realizing ADPF's loan positions in the residential development projects which Arbitrium may deem unfeasible to continue.
Real Estate Advisor		KordaMentha's specialist real estate advisory group is advising Arbitrium in reviewing the residential and hotel development projects. The team are expected to continue to assist Arbitrium in monitoring the completion of the residential development projects which Arbitrium may deem feasible to continue to completion.

Arbitrium's DOCA Structure



Arbitrium's Governance Structure

Arbitrium in conjunction with Perpetual will establish a robust structure with clear demarcation and independence, and members' interest will be prioritised.

External Stakeholders	Investors, Courts, ASIC, APRA and Superannuation Trustees		Key Points
Licensed Entities	Arbitrium	KAM	
Governance Design	Board	Board	<ul style="list-style-type: none">▪ Composition and conflicts management is key▪ Clarity in respect of the wholesale / SPV arrangements given inter-funding from Master Trust for exposure to the real assets▪ Ensure clear segregation on current Boards and Committees required▪ Consideration of formation of oversight committee with representation by Macquarie and EQT as observers▪ Conflicts Management to be prominent – every party to be assessed and documented▪ Structured formally with robust Company Secretariat support, agreed reporting rhythm aligned to updates to external stakeholders – committed cadence
	Investment Committee	Compliance Committee	
	Specific Committees	Specific Committees	
	Reporting and Oversight	Reporting and Oversight	
	Responsible Persons		
	Terms of Reference and Delegations / Company Secretariat		
Risk & Compliance	Risk Management, Compliance, Security and Conflicts Measures		<ul style="list-style-type: none">▪ Assessment of current arrangements required with likely a need to implement specific / tailored measures to ensure robust arrangements are documented and followed▪ Top tier firms required▪ Will you be assuming and risk of claims and is insurance appropriate?▪ Compliance Plan likely requires tailoring▪ Form a view on personnel required to support KAM AFSL.
	Financial Requirements	Financial Requirements	
	Insurance	Insurance	
		Compliance Plan	
Service Providers	Due Diligence and Ongoing Oversight	Due Diligence and Ongoing Oversight	<ul style="list-style-type: none">▪ Identify and assess adequacy of all providers▪ Link to conflicts assessments▪ Establish monitoring program▪ Document arrangements and reporting timetable
Assurance	Financial Statements, Compliance Plan, Valuer Independence		

Arbitrium's Restructuring Strategy

While the residential development projects on a whole are expected to generate significant losses, it is sensible to complete projects that are >80% complete and conduct further assessments for other residential and hotel development projects to limit losses on realisations.

	Residential Development Portfolio					
	AMBA Port Douglas	Nue Apartments Moonee Ponds	Eight Ashburton	The Aston Bentleigh	Glenroy	Total Residential
Address	33 Davidson, Port Douglas	71-85 Port Douglas Road	Warrigal Road, Ashburton	Nicholson Street, Bentleigh	Augustine Terrace, Glenroy	
Project Type	Residential Development	Residential Development	Residential Development	Residential Development	Residential Development	
Stage	Under Construction / 95%	Stage 98% with titles in the next few weeks	35% complete	65% complete \$5m to complete	35% Complete - \$2m complete	
Valuation (GRV)	\$ 9,270,000	\$ 18,201,600	\$ 14,935,000	\$ 18,250,000	\$ 4,795,000	\$ 65,451,600
Senior Debt Lender	Keystone / ADPF	Trilogy	Bowery Capital	Assetline	Millbrook	
Senior Debt - Facility Drawn ¹	\$ 13,676,203	\$ 8,500,000	\$ 2,450,000	\$ 5,500,000	\$ 400,000	\$ 30,526,203
Junior Debt Lender		Keystone / ADPF	Keystone / ADPF	Keystone / ADPF	Keystone / ADPF	
Junior Debt - Facility Drawn ²	\$ -	\$ 24,510,052	\$ 6,103,832	\$ 20,530,909	\$ 6,136,179	\$ 57,280,972
Cost to Complete	\$ 1,800,000	\$ 3,000,000	\$ 5,600,000	\$ 6,000,000	\$ 3,000,000	\$ 19,400,000
Expected Profit/Loss	\$ (6,206,203)	\$ (17,808,452)	\$ 781,168	\$ (13,780,909)	\$ (4,741,179)	\$ (41,755,575)

Hotel & Commercial Development Portfolio						
JW Marriot Venice	Fairmont Port Douglas	Ritz Carlton Fiji	Medical Centre Fiji	K'Gari Development	Total Hotel & Commercial	
Isola Delle Rose, Venice	75 Port Douglas Road, Port Douglas					
Hotel	Hotel Development	Hotel Development	Commercial Development	Commercial Development		
Operating JW Marriot Hotel	In Council	Early Site works, Tender complete, final construction drawings 60% complete				
	\$ 11,918,113	\$ 4,403,881	??	\$ -		
Sculpture	Keystone / ADPF	Keystone / ADPF				
\$ 99,015,000	\$ 11,918,113	\$ 4,403,881	\$ -	\$ 576,924	\$ 115,913,918	
\$ 25,921,000	\$ -	\$ -	\$ -	\$ -	\$ 25,921,000	
\$ 119,784,000	\$ -	\$ -	\$ -	\$ -	\$ 119,784,000	
	\$ -	\$ -	??	\$ (576,924)		

^{1,2}Assumes that the facility limits and amounts in all the loans facility agreements between ADPF and the SPVs will be amended to ensure any unsecured part of ADPF's debt position is secured.



Arbitrium's Restructuring Strategy | Residential Developments

ACP's strategy is to complete both the Amba and Nue Apartments projects. This will involve acquiring the external senior debt on Nue Apartments and injecting the additional capital, as secured debt, needed to finalize these developments.

	Residential Development Portfolio					
	AMBA Port Douglas	Nue Apartments Moonee Ponds	Eight Ashburton	The Aston Bentleigh	Glenroy	Total Residential
Address	33 Davidson, Port Douglas	71-85 Port Douglas Road	Warrigal Road, Ashburton	Nicholson Street, Bentleigh	Augustine Terrace, Glenroy	
Project Type	Residential Development	Residential Development	Residential Development	Residential Development	Residential Development	
Stage	Under Construction / 95%	Stage 98% with titles in the next few weeks	35% complete	65% complete \$5m to complete	35% Complete - \$2m complete	
Valuation (GRV)	\$ 9,270,000	\$ 18,201,600	\$ 14,935,000	\$ 18,250,000	\$ 4,795,000	\$ 65,451,600
Senior Debt Lender	Keystone / ADPF	Trilogy	Bowery Capital	Assetline	Millbrook	
Senior Debt - Facility Drawn ¹	\$ 13,676,203	\$ 8,500,000	\$ 2,450,000	\$ 5,500,000	\$ 400,000	\$ 30,526,203
Junior Debt Lender		Keystone / ADPF	Keystone / ADPF	Keystone / ADPF	Keystone / ADPF	
Junior Debt - Facility Drawn ²	\$ -	\$ 24,510,052	\$ 6,103,832	\$ 20,530,909	\$ 6,136,179	\$ 57,280,972
Cost to Complete	\$ 1,800,000	\$ 3,000,000	\$ 5,600,000	\$ 6,000,000	\$ 3,000,000	\$ 19,400,000
Expected Profit/Loss	\$ (6,206,203)	\$ (17,808,452)	\$ 781,168	\$ (13,780,909)	\$ (4,741,179)	\$ (41,755,575)

^{1,2}Assumes that the facility limits and amounts in all the loans facility agreements between ADPF and the SPVs will be amended to ensure any unsecured part of ADPF's debt position is secured.

- Any decision to complete the residential development projects will require a detailed cost analysis by a reputable quantity surveyor and a new builder to take over and finalize the work.
- Collaboration with senior lenders is also essential; for example, the developments in Moonee Ponds, Ashburton, Bentleigh, and Glenroy have a combined \$16.8 million in external senior debt.
- Arbitrium assumes that the facility limits in the loan agreements between ADPF and the SPVs will be amended to secure ADPF's debt position. In cases where investments were made through unsecured convertible notes, these loans will be converted into secured convertible notes.
- The decision to sell ADPF's position in specific projects will depend on various factors, including the necessary discount for an "as-is" sale.
- Amba in Port Douglas and Nue Apartments in Moonee Ponds** – A high-level review suggests completing these projects, as they are both more than 80% complete, and Nue Apartments has 100% presales. While Nue Apartments has 100% pre-sales, Amba does not have high pre-sales. A sensible approach for Amba would be to hold the asset over a longer period and capitalize on the value growth over time.
- Eight in Ashburton, The Aston in Bentleigh, and Glenroy** – Further analysis, including a detailed cost assessment, is needed to make informed decisions on these developments.



Arbitrium's Restructuring Strategy | Hotel & Commercial Developments

Arbitrium plans to complete the settlement of the Venice Hotel. Additionally, Arbitrium intends to sell the hotel development projects in Port Douglas (Fairmont Hotel) and Fiji (Ritz Carlton) due to their early-stage status. Both the Fairmont Hotel and Ritz Carlton have resale value due to the existing DA approvals and hotel management agreements.

	Hotel & Commercial Development Portfolio					
	JW Marriot Venice	Fairmont Port Douglas	Ritz Carlton Fiji	Medical Centre Fiji	K'Gari Development	Total Hotel & Commercial
Address	Isola Delle Rose, Venice	75 Port Douglas Road, Port Douglas				
Project Type	Hotel	Hotel Development	Hotel Development	Commercial Development	Commercial Development	
Stage	Operating JW Marriot Hotel	In Council for development approval for a 5-star hotel. The development already has an approval for a 4-star hotel.	Early Site works, Tender complete, final construction drawings 60% complete. The project already has development Approval.			
Valuation (GRV)	\$ [REDACTED]	\$ 11,918,113	\$ 4,403,881	??	\$ [REDACTED]	\$ [REDACTED]
Senior Debt Lender	Sculpture	Keystone / ADPF	Keystone / ADPF			
Senior Debt - Facility Drawn ¹	\$ 99,015,000	\$ 11,918,113	\$ 4,403,881	\$ -	\$ 576,924	\$ 115,913,918
Junior Debt Lender						
Junior Debt - Facility Drawn ²	\$ 25,921,000	\$ -	\$ -	\$ -	\$ -	\$ 25,921,000
Cost to Complete	\$ 119,784,000	\$ -	\$ -	\$ -	\$ -	\$ 119,784,000
Expected Profit/Loss	\$ [REDACTED]	\$ -	\$ -	??	\$ (576,924)	\$ [REDACTED]

As with the residential development projects, the hotel developments require a detailed review of their current status, and the costs needed for completion.

- **La Sessola – JW Marriott Hotel, Venice, Italy ("Venice Hotel"):** The hotel is under contract awaiting settlement. We believe settling this project could provide value uplift to SMF unitholders. Further details on this are available in the next slide.
- **Fairmont Hotel, Port Douglas:** Our review indicates that the Port Douglas Shire Council is currently reviewing this project. A cash flow forecast as of May 30, 2024, estimates a \$230 million completion requirement. Converting the investment to a secured convertible note would prioritize ADPF for recovery over equity. We believe the optimal strategy is to sell the project as is, though further investigation into potential value enhancement (e.g., obtaining a planning permit and finalising an operator agreement) is worthwhile and could improve the sales price.
- **Ritz Carlton, Fiji:** This project has received DA approval, and terms for a hotel management agreement with Marriott International (owners of the Ritz Carlton brand) are in place. Paul Chiodo has agreed to convert ADPF's current investment from an unsecured convertible note to a secured one, prioritising ADPF in recovery. We believe selling the project in its current state is the best option.
- **Medical Centre, Fiji & K'Gari Development:** These projects do not have any saleable value, though further investigation will be undertaken to finalise this position.

^{1, 2}Assumes that the facility limits and amounts in all the loans facility agreements between ADPF and the SPVs will be amended to ensure any unsecured part of ADPF's debt position is secured.



Arbitrium's Restructuring Strategy | Value in the Venice Hotel

The settlement of the La Sessola Hotel in Venice, Italy, appears to offer value accretion for SMF unitholders. Arbitrium is conducting a detailed review of the transaction and has started exploring potential exit options.

- The Venice Hotel is currently under contract and awaiting settlement. We believe that completing this transaction could be value accretive for SMF unitholders.
- The agreed purchase price is €154 million, while Colliers Italy has provided an "as-is" valuation of [REDACTED] as of December 31, 2023. We are waiting on an immediate interim updated valuation report from Colliers Italy. We expect the final updated valuation report by early December 2024. However, this valuation assumes year-round operation (365 days), whereas the hotel operated for only 259 days in 2023. In addition to this, Colliers Italy have also advised that the freehold vacant land at La Sessola is worth [REDACTED].
- ADPF has already paid a deposit of €16.1 million. The remaining €135.9 million is required to complete the settlement. The purchasers, Chiodo Corporation and Luxuria IT, have secured a €61.5 million 1st lien funding facility, with the balance to be funded by SMF.
- Independent experts suggest that the valuation and EBITDA targets can be achieved through performance improvements such as transitioning to a 365-day operation, increasing the average daily rate (ADR), reducing room nights sold through the Marriott Bonvoy Program, and enhancing marketing efforts through stronger social media presence and a revamped website.



Value Creation & Exit

- Paul Chiodo has agreed with Arbitrium to convert the existing loan agreement (for the deposit) into a secured note with equity warrants equating to a value in Venice Hotel that makes the unitholders whole to the last NAV of SMF.
- Arbitrium has commenced discussions with investors with a respect to the interest in a sale of the Venice Hotel.
- Arbitrium plans to continue working with EQ Group and JW Marriott to implement the performance improvement strategies.
- Arbitrium aims to sell the Venice Hotel for about [REDACTED] through a either a direct sale into a hotel REIT, sale to an institutional buyers or through a bond / note program.

Arbitrium's Restructuring Strategy | Value Creating & Exit of the Venice Hotel

Arbitrium intends to complete the settlement of the Venice Hotel and extract equity surplus for the unitholders of SMF worth an estimated \$236 million.

- Arbitrium aims to sell the Venice Hotel for [REDACTED], based on an as-is valuation from Colliers Italy. through a either a direct sale into a hotel REIT, sale to an institutional buyers or through a bond / note program.
- Arbitrium plans to continue working with EQ Group and JW Marriott to implement the performance improvement strategies.
- Arbitrium has commenced discussions with investors with a respect to the interest in a sale of the Venice Hotel.
- Paul Chiodo has agreed with Arbitrium to convert the existing loan agreement (for the deposit) into a secured note with warrants to a value in Venice Hotel that makes the unitholders whole to the last NAV of SMF. This means that Paul Chiodo has agreed to participate in the equity upside only if the unitholders are made whole. This allows for the investment required to settle the Venice Hotel to be returned in priority after repayment to the 1st lien lender, with the remaining equity portion being the upside available to the unitholders of the SMF. This upside is expected to be approximately [REDACTED].

Estimated Equity Upside for SMF Unitholders	€' million	A\$' million
[REDACTED]	[REDACTED]	[REDACTED]
Less: Repayment of 1 st Lien Debt	(61.5)	(99.0)
Less: Repayment of Earnest Money	(16.1)	(26.6)
Less: Repayment of Balance of Funds to Complete	(74.4)	(119.8)
[REDACTED]	[REDACTED]	[REDACTED]
Expected Equity % Agreed with Paul Chiodo	93%	93%
[REDACTED]	[REDACTED]	[REDACTED]

Next Steps

Whilst Arbitrium has a strategy to realise and recover money for the unitholders, it also has a detail plan of what work is required to be undertaken to meet its asset realization strategy. The outcome of this detailed work will be presented to members at the Reporting Date, as defined in the DOCA and RID.

Residential Development Projects

- Commence work with advisors on completion of Amba and Neu Apartments and appoint a new builder.
- Confirm interest on the third-party loans for each property.
- Obtain 'as-is' valuations for all projects.
- Further investigate cost-to-complete to all projects – including contractor quotes, subcontractor creditor position and status of certifications.
- Consider 'dual track' approach – seeking agent submissions to sell 'as is' while undertaking further cost-to-complete investigations.

Hotel Development & other Commercial Projects

- Obtain 'as is' valuations for all projects.
- Undertake further investigation and cost/benefit analysis of value-add activities that can improve sale price e.g. obtaining planning approval for Fairmont Hotel in Port Douglas.

The Venice Hotel

- Liaise with Aareal Bank GmbH and Sculptor Capital Management, and execute an updated secured note agreement with warrants with Paul Chiodo.
- Complete settlement of acquisition of the Venice Hotel.
- Implement performance improvement initiatives in collaboration with EQ Group and JW Marriott.
- Lock in the exit of the Venice Hotel at a sale price which provides an equity surplus to the unitholders of the SMF.

Mukhtader Mohammed
Managing Director
+61 404 285 401
mmohammed@acpartners.com.au

Daniel Liptak
Chief Operating Officer
+61 422 375 415
dliptak@acpartners.com.au

Arbitrium Capital Partners
Level 36, Gateway
1 Macquarie Place
Sydney NSW 2000
Australia

Level 27, 101 Collins Street
Melbourne VIC 3000
Australia

Arbitrium Credit Partners Pty Ltd AFSL 532796

Keystone Asset Management Ltd (Administrators Appointed) (Receivers & Managers Appointed)

Proposal for Deed of Company Arrangement

18 October 2024

This proposal is strictly confidential and subject to the execution of full form documents. Save for items 18 and 19, this proposal does not create legally binding obligations on any party.

Item	Term
1. DOCA Proponent	ACP KAM Pty Ltd
2. Company bound by DOCA	Keystone Asset Management Ltd (receivers and managers appointed) (administrators appointed)
3. Parties to the DOCA	<p>The parties to the DOCA will be:</p> <ul style="list-style-type: none">(a) the Voluntary Administrators;(b) the Company; and(c) the DOCA Proponent.
4. Purpose and Rationale for Proposal	<ul style="list-style-type: none">(a) This DOCA Proposal records the terms of a proposed deed of company arrangement (DOCA) that will be entered into in order to facilitate the restructure of the affairs of the Company in accordance with the terms of the Restructure Implementation Deed (RID) and in this way seek to result in a better return for Investors and other Creditors than would result from an immediate winding-up of the Company.(b) The DOCA will release all Investor Claims against the Company in its own right only, but will not release, extinguish or otherwise prejudice the rights of the Investors in relation to the SMF, including their rights of redemptions (in accordance with the PDS).(c) Claims by the Excluded Creditors (which includes Paul Chiodo, Ilya Frolov, and Chiodo Corporation Pty Ltd) are dealt with by the RID. For the avoidance of doubt, nothing in the DOCA or RID will release, prejudice or compromise any investigations or claims which ASIC or the Company may have against the Previous Management or third parties in relation to the management of the Company and/or the Funds

Item	Term
5. Background and Overview	<p>(a) The Company is:</p> <ul style="list-style-type: none"> (i) the trustee and responsible entity of the Shield Master Fund (SMF); (ii) the trustee for the Advantage Diversified Property Fund (ADPF); and (iii) the trustee for the Quantum PE Fund. <p>(b) On 27 August 2024, Jason Tracy and Lucica Palaghia of Deloitte (Receivers) were appointed as receivers and managers of the Property of the Company pursuant to orders made in the FCA Proceeding.</p> <p>(c) On 28 August 2024, Michael Korda, John Mouawad, and Scott Langdon of KordaMentha were appointed joint and several voluntary administrators of the Company (Original Administrators).</p> <p>(d) On 5 September 2024, the Original Administrators were replaced by Jason Tracy and Lucica Palaghia of Deloitte as voluntary administrators of the Company (Voluntary Administrators) pursuant to orders made in the FCA Proceeding.</p> <p>(e) On 18 September 2024, the Federal Court of Australia made orders in the FCA Proceeding extending the convening period for the Second Meeting to 25 November 2024.</p> <p>(f) The DOCA Proponent wishes to submit the DOCA Proposal to the Voluntary Administrators for consideration by the Company's Creditors.</p>
6. Deed Administrators	On execution of the DOCA, the Voluntary Administrators will become the Deed Administrators of the DOCA and they will remain so until the DOCA is terminated or effectuated or until they are removed in accordance with the DOCA or the Act.
7. Commencement date of DOCA	The date of execution of the DOCA by the parties thereto.
8. Conditions Precedent	<p>The parties' substantive obligations under the DOCA are conditional on satisfaction, or waiver by the DOCA Proponent (in its absolute discretion), of the following Conditions Precedent:</p> <ul style="list-style-type: none"> (a) the DOCA Proposal being approved by Creditors at the Second Meeting by majority in value and number (or otherwise by the exercise of a casting vote) or by order of the court; and (b) execution of the RID by all the parties to it.
9. Deed Administrators' powers, obligations, rights and indemnities	<p>(a) During the term of the DOCA the Deed Administrators will have all relevant powers under the Act and Corporations Regulations and the power to (amongst other things):</p> <ul style="list-style-type: none"> (i) remove or appoint any officer or director of the Company; (ii) provide such information concerning the Company to Creditors as they see fit; (iii) at such time, and in such manner as they see fit, gain access to the Company's books, records, or premises as they see fit, and require such information and documents as they see fit from the Company's directors, officers, and employees; and (iv) do anything necessary or convenient for the purpose of exercising their powers to administer the DOCA.

Item	Term
	<p>(b) The Deed Administrators will as far as reasonably practicable ensure the Company's compliance with the DOCA.</p> <p>(c) During the term of the DOCA, the Deed Administrators' obligations include to:</p> <ul style="list-style-type: none"> (i) call for and adjudicate upon Creditor proofs of debt in the manner and within the timeframe specified in the DOCA; (ii) call meetings of Creditors of the Company for the purpose of considering any variation or termination of the DOCA. <p>(d) In exercising the powers conferred by the DOCA and carrying out the duties arising under the DOCA, the Deed Administrators are taken to act as agents for and on behalf of the Company.</p> <p>(e) To the maximum extent permitted by law, the Deed Administrators shall not be personally liable for:</p> <ul style="list-style-type: none"> (i) any debts incurred or claims, demands, actions, loss, damage, costs, charges, expenses or liabilities caused by act, omission or default on behalf of the Deed Administrators (or representatives of their firm) in administering the DOCA or exercising their duties under the DOCA and in respect of the Company or acting as deed administrators of the DOCA; and (ii) any debts incurred or claims, demands, actions, loss, damage, costs, charges, expenses or liabilities suffered or sustained or incurred by any directors, officers or shareholders of the Company or any Creditor. <p>(f) The Deed Administrators will be indemnified out of the assets of the SMF for their remuneration, expenses and liabilities properly incurred in administering the DOCA, and acting as administrators of the Company.</p> <p>(g) The Deed Administrators will have a lien over the SMF to secure their right of indemnity under the DOCA and otherwise at law.</p>
10. Adjudication	Creditors' Claims will be adjudicated by the Deed Administrators in accordance with the terms of the DOCA.
11. Prescribed Provisions	Except to the extent that they are inconsistent with the terms of the DOCA, the provisions of Schedule 8A of the Corporations Regulations will be incorporated into the DOCA.
12. Moratorium Period	<p>(a) In accordance with sections 444D and 444G of the Act, the DOCA binds:</p> <ul style="list-style-type: none"> (i) all persons who have a Claim against the Company; and (ii) the Company and their respective officers and members and the Deed Administrators. <p>(b) During term of the DOCA, no Creditor of the Company may in relation to their Claim:</p> <ul style="list-style-type: none"> (i) make or proceed with any application for an order to wind up the Company; or (ii) institute, revive or continue any action, suit, arbitration, mediation or proceeding against the Company or in relation to the property of the Company.

Item	Term
13. Conditions to Effectuation	<p>The DOCA will effectuate once all of the following conditions have been satisfied (as each term is defined in the RID Term Sheet): [to settle language from RID Term Sheet]</p> <ul style="list-style-type: none"> (a) on or before the Share Acquisition Date, the Share Transfer Agreement will be executed by all parties to that document; (b) on or before the Share Acquisition Date, the Conditional Release Deed will be executed by all parties to that document; (c) on or before the ASIC Undertaking Date, ASIC will execute and deliver to the Company the ASIC Deed Poll; (d) on or before the Board Appointment Date, independent directors will be appointed to the board of the Company in accordance with Item 6 of the RID Term Sheet and the Current Directors removed; (e) on or before the Perpetual Appointment Date, ACS will appoint Perpetual to act as responsible entity advisor and as a directed trustee to the Company; and (f) on or before the CAR Orders Date [subject to Arbitrium's IC approval], the Company, ASIC and the Receivers will submit the Consent Orders, with a view to having the court promptly make the Consent Orders.
14. Effectuation	<ul style="list-style-type: none"> (a) Upon effectuation: <ul style="list-style-type: none"> (i) the DOCA will automatically terminate; (ii) the Creditor Claims against the Company will be released and forever extinguished (but without prejudice to any claims against the Company in its capacity as trustee of the SMF); (iii) the Company will be returned to the control of its board in accordance with the terms of the RID. (b) For the avoidance of doubts, the Claims of the Excluded Creditors are not released and extinguished upon effectuation.
15. Termination of DOCA	<ul style="list-style-type: none"> (a) The DOCA will continue to operate until such time as it is terminated or effectuated. (b) The DOCA will automatically terminate upon effectuation of the DOCA. (c) The DOCA will otherwise terminate where: <ul style="list-style-type: none"> (i) upon termination of the RID; (ii) a resolution is passed by the Creditors of the Company that the DOCA be terminated; or (iii) by order of the court.
16. Variation of the DOCA	The DOCA may be varied by resolution passed at a meeting of the Company's Creditors convened under s 445A of the Act.
17. Management of the Companies	Management of the Company will pass to the Deed Administrators upon execution of the DOCA and remain with the Deed Administrators until the Board Appointment Date.

Item	Term
18. Confidentiality	This DOCA Proposal and the transactions contemplated by it are confidential and must not be disclosed by any person without the written consent of the DOCA Proponent and the Voluntary Administrators, except by the DOCA Proponent or the Voluntary Administrators to their respective advisors.
19. Governing Law	This DOCA Proposal and the transactions contemplated by it are governed by the laws of New South Wales. Each party submits to the non-exclusive jurisdiction of courts having jurisdiction in New South Wales.

20. Definitions	<p>Act means the <i>Corporations Act 2001</i> (Cth).</p> <p>Appointment Date means the date on which the Original Administrators were appointed as voluntary administrators of the Company, being 27 August 2024.</p> <p>ASIC means the Australian Securities and Investments Commission.</p> <p>Board Appointment Date has the meaning in the RID.</p> <p>Claim means, in respect of the Company, all debts payable by and all claims against, the Company (arising at law, in equity or under any statute, present or future, certain or contingent, ascertained or sounding only in damages) the circumstances giving rise to which occurred on or before the Appointment Date, including all actions, claims, suits, causes of action, arbitrations, debts, costs, demands, verdicts and judgments.</p> <p>Conditions Precedent has the meaning in Item 8.</p> <p>Corporations Regulations means the <i>Corporations Regulations 2001</i> (Cth).</p> <p>Creditor means a person with a Claim against the Company, but does not include an Excluded Creditor.</p> <p>Director has the meaning given to it in the Act.</p> <p>Deed Administrators has the meaning in Item 6.</p> <p>Deed Proposal has the meaning in Item 4.</p> <p>DOCA has the meaning in Item 4.</p> <p>Excluded Creditors means:</p> <ul style="list-style-type: none"> (a) Paul Chiodo; (b) Ilya Frolov; (c) Chiodo Corporation Pty Ltd; and (d) The Trade Creditors. <p>FCA Proceeding means Federal Court of Australia proceeding VID536/2024.</p> <p>Former Directors means any Director of the Company who held that office prior to the appointment of the current Directors in accordance with the RID.</p> <p>Funds means any or all of the Shield Master Fund, the Advantage Diversified Property Fund and the Quantum PE Fund.</p> <p>Investor means any investor in the SMF whether directly or via Equity Trustees Superannuation Limited or Macquarie Investment Management.</p> <p>PDS means a product disclosure statement in relation to the SMF approved by ASIC.</p> <p>Previous Management means Louie Kortesis, Mark Yorston, Paul Anthony Chiodo, Ilya Frolov, Maadhvi Patel, Emma Coralie Hastie, Wade Robert Hastie, Brendan David John Cawley and any other person involved in the management or control of the Company or the Funds prior to the Appointment Date.</p> <p>Priority Claims means a Claim which, in a liquidation of the Company, would be entitled to priority of payment pursuant to sections 556(1)(e), (f) to (h) (inclusive), 560 or 561 of the Act, with the winding up of the Company taken to have begun on the Appointment Date.</p> <p>Property has the meaning given to it in the orders made in the FCA Proceeding.</p> <p>Second Meeting means the second meeting of Creditors of the Company.</p>
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Item	Term
	<p>Trade Creditors means [to be agreed with <i>Deloitte</i>].</p> <p>Voluntary Administrators has the meaning in Item 5.</p>

Keystone Asset Management Ltd (Administrators Appointed) (Receivers & Managers Appointed)

Term sheet | Restructure Implementation Deed DRAFT

18 October 2024

This proposal is strictly confidential and subject to the execution of full form documents. Save for items 15 and 16, this proposal does not create legally binding obligations on any party.

Item	Term
1. Parties	<ul style="list-style-type: none">(a) ACP KAM Pty Ltd (ACS)(b) Keystone Asset Management Ltd (receivers and managers appointed) (administrators appointed) (Company)(c) Jason Tracy and Lucica Palaghia of Deloitte in their capacity as voluntary administrators of the Company (Voluntary Administrators)(d) Jason Tracy and Lucica Palaghia of Deloitte in their capacities as receivers and managers of the Company (Receivers)(e) Equity Trustees Superannuation Limited (ETS)(f) Macquarie Investment Management Limited (MIM)(g) Paul Chiodo(h) Ilya Frolov(i) ASIC
2. Purpose	This term sheet records the key terms of a Restructure Implementation Deed (RID) which will legislate the steps to be taken to implement a restructure of the Company and thereby, pursuant to the DOCA, result in a better return for Investors than would result from an immediate winding-up of the Company.
3. Background and Overview	<ul style="list-style-type: none">(a) The Company is:<ul style="list-style-type: none">(i) the trustee and responsible entity of the Shield Master Fund (SMF);(ii) the trustee for the Advantage Diversified Property Fund (ADPF); and(iii) the trustee for the Quantum PE Fund (QPF).(b) On 27 August 2024, Jason Tracy and Lucica Palaghia of Deloitte (Receivers) were appointed as receivers and managers of the Property of the Company pursuant to orders made in the FCA Proceeding.(c) On 28 August 2024, Michael Korda, John Mouawad, and Scott Langdon of KordaMentha were appointed joint and several voluntary administrators of the Company (Original Administrators).(d) On 5 September 2024, the Original Administrators were replaced by Jason Tracy and Lucica Palaghia of Deloitte as voluntary administrators of the Company (Voluntary Administrators) pursuant to orders made in the FCA Proceeding.(e) On 18 September 2024, the Federal Court of Australia made orders in the FCA Proceeding extending the convening period for the Second Meeting to 25 November 2024.

Item	Term
4. Effective date	The RID will come into full force and operation on the date of execution of the RID by all parties to it.
5. Milestone Events	<p>(a) The parties will take all reasonably necessary steps and use their best endeavours to achieve the following Milestone Events:</p> <ul style="list-style-type: none"> (i) on or before the Creditors' Meeting Date, the Administrators will convene the second meeting of creditors of the Company; (ii) on or before the DOCA Execution Date, the DOCA will be executed by all parties to that document; (iii) on or before the Share Acquisition Date, the Share Transfer Agreement will be executed by all parties to that document; (iv) on or before the Share Acquisition Date, the Conditional Release Deed will be executed by all parties to that document; (v) on or before the ASIC Undertaking Date, ASIC will execute and deliver to the Company the ASIC Deed Poll in accordance with Item 8; (vi) on or before the Board Appointment Date, independent directors will be appointed to the board of the Company in accordance with Item 6 and the Current Directors removed; (vii) on or before the Perpetual Appointment Date, ACS will appoint Perpetual to act as responsible entity advisor and a directed trustee for the underlying unregistered unit trusts to the Company in accordance with Item 7; (viii) on or before the CAR Orders Date, the Company, ASIC and the Receivers will submit the Consent Orders in accordance with Item 9, with a view to having the court promptly make the Consent Orders; (ix) the Trade Creditors, Receivers, Voluntary Administrators and Deed Administrators will be paid from the investments held with Bell Potter in accordance with Item 10; (x) on or before the Reporting Date, the Company will report to ASIC, ETS and MIM on the Realisation Strategy in accordance with Item 11; <p>(b) Implementation of each of Milestone Events (i) to (viii) (inclusive) will be dependent on the satisfaction of the other Milestone Events.</p> <p>(c) Any one or more of the Milestone Dates may be extended with written agreement by the parties to the RID, provided that any extension does not exceed the RID Term.</p> <p>(d) A Milestone Event may only be waived with the written consent of all parties to the RID.</p> <p>(e) If one or more of Milestone Events (i) to (viii) (inclusive) are breached, the parties will negotiate in good faith in an effort to agree a way forward; failing which any party may terminate the RID by notice to the other parties in which case the DOCA will be terminated and the Company placed into liquidation.</p>
6. Replacement of board	<p>(a) At least 10 Business Days prior to the Board Appointment Date, ACS will provide to ASIC, ETS and MIM:</p> <ul style="list-style-type: none"> (i) a list of 5 directors proposed to be appointed to the board of the Company (Nominated Directors);

Item	Term
	<ul style="list-style-type: none"> (ii) a consent to act duly executed by each of the Nominated Directors; and (iii) any other information reasonably requested by ASIC in respect of the Nominated Directors' professional qualifications. <p>(b) Within 5 Business Day of receipt of the list of Nominated Directors, ASIC, ETS and MIM will inform ACS of any objections to the Nominated Directors, in which case the parties will negotiate in good faith concerning the identity of the Nominated Directors.</p> <p>(c) On the Board Appointment Date:</p> <ul style="list-style-type: none"> (i) the Current Directors will be removed as directors and company secretary of the Company; and (ii) the agreed Nominated Directors will be appointed as directors and company secretary of the Company.
7. Appointment of Perpetual	On or before the Perpetual Appointment Date, the Company will appoint Perpetual to act as responsible entity advisor and as directed trustee for the underlying unregistered unit trusts to the Company (Nominated Advisor).
8. ASIC Deed Poll	<p>(a) On or before the ASIC Undertaking Date, ASIC will deliver to the Company a deed poll (ASIC Deed Poll) undertaking that it will not:</p> <ul style="list-style-type: none"> (i) impose any statutory, regulatory, or other penalties against the Company; (ii) bring or prosecute any claims against the Company; or (iii) cancel, revoke, or suspend the AFSL, <p>in respect of any actions, steps, decisions, matters or events which occurred prior to the Share Acquisition Date.</p> <p>(b) For the avoidance of doubt, nothing in the RID or the ASIC Deed Poll will release, prejudice or compromise any investigations or claims which ASIC or the Company may have against the Previous Management or third parties in relation to the management of the Company and/or the Funds.</p>
9. Receivers [Subject to Arbitrium's IC approval]	<p>(a) On or before the CAR Orders Date:</p> <ul style="list-style-type: none"> (i) the Receivers, ASIC, and the Company will execute the Consent Orders; and (ii) the parties will take all necessary steps to have the Consent Orders promptly made in the FCA Proceeding. <p>(b) The Consent Orders shall comprise orders that the orders made on 27 August 2024 in the FCA Proceeding be amended such that the Receivers are appointed as receivers and managers of the Company for the purposes of investigating and/or prosecuting any claims which ASIC or the Company may have against the Previous Management or third parties in relation to the management of the Company and/or the Funds, with the Receivers' associated fees and costs to be paid from the assets of the Company as trustee of the Funds (subject to court approval).</p> <p>(c) The Consent Orders will also make provision for the release of all freezing orders with respect to the Company's property.</p>

Item	Term
10. Payments	<p>(a) Following the Share Acquisition Date, the Company will realise sufficient of the investments held with Bell Potter to promptly pay:</p> <ul style="list-style-type: none"> (i) the Receivers, Voluntary Administrators, and Deed Administrators for their properly incurred liabilities and expenses and their approved fees; and (ii) the Trade Creditors in the amount of their Claims (with the quantum to be adjudicated by the Voluntary Administrators during the course of the administration of the Company).
11. Agreed Realisation Strategy	<p>(a) On or before the Reporting Date, the Company will provide ASIC, ETS and MIM with a detailed assessment of the Projects and its proposed strategy concerning:</p> <ul style="list-style-type: none"> (i) which Projects it will develop and complete; (ii) which Projects it will sell on an “as is where is” basis; (iii) any proposal to equitise the Company’s debt owing by any of the Project Entities; (iv) any Facility Agreement to be signed by the Company; and (v) the proposed funding for the proposed strategy from either the assets held on trust by the Company as trustee of the Funds, or from the Facility Agreement. <p>(b) Following this, the Company, ASIC, ETS and MIM will negotiate in good faith to agree a realisation strategy for the Projects with a view to seeking to maximise the returns to Investors (Agreed Realisation Strategy).</p> <p>(c) The Company will take all reasonable steps to promptly execute the Agreed Realisation Strategy.</p> <p>(d) To the extent that the Agreed Realisation Strategy requires amendment for any reason, the Company, ASIC, ETS and MIM will negotiate in good faith to agree suitable amendments to the Agreed Realisation Strategy.</p>
12. Redemptions	<p>(a) On and from the commencement date, the Company (in its capacity as trustee and responsible entity of the SMF) will suspend Investor redemptions from the SMF for a period of at least 12 months (with an option to extend the suspension period to 18 months, at its discretion) (Suspension Period), excepting any approved hardship redemptions.</p> <p>(b) The Company will do all things required at law and by ASIC and otherwise reasonably necessary to comply with any regulatory matters to effect the suspension, including amending the PDS.</p>
13. Limitation of liability	The liability of the Company (in its capacity as trustee and responsible entity of the SMF) to make any payment or in respect of any Claims, is limited to the property of the SMF from which it is entitled to be indemnified.
14. Variation	The RID may only be varied by written agreement executed by all parties to it.
15. Governing Law	The RID and the transactions contemplated by it are governed by the laws of New South Wales. Each party submits to the non-exclusive jurisdiction of courts having jurisdiction in New South Wales.
16. Confidentiality	This proposal and the transactions contemplated by it are confidential and must not be disclosed by any person without the written consent of ACS, except by ACS and the Voluntary Administrators to their respective advisors.

Item	Term
17. Definitions	<p>Act means the <i>Corporations Act 2001</i> (Cth).</p> <p>AFSL means the Australian Financial Services Licence in the name of the Company, being AFSL no. 491477.</p> <p>Agreed Realisation Strategy has the meaning in Item 11.</p> <p>Appointment Date means the date on which the Original Administrators were appointed as voluntary administrators of the Company, being 27 August 2024.</p> <p>ASIC means the Australian Securities and Investments Commission.</p> <p>ASIC Undertaking Date means the Share Acquisition Date.</p> <p>Board Appointment Date means the Share Acquisition Date.</p> <p>Business Day means a day which is not a bank or public holiday in Sydney, NSW.</p> <p>CAR Orders Date means the date which is one Business Day after the Share Acquisition Date.</p> <p>Claim means, in respect of the Company, all debts payable by and all claims against, the Company (arising at law, in equity or under any statute, present or future, certain or contingent, ascertained or sounding only in damages) the circumstances giving rise to which occurred on or before the Appointment Date, including all actions, claims, suits, causes of action, arbitrations, debts, costs, demands, verdicts and judgments.</p> <p>Conditional Release Deed means a deed between Paul Chiodo and Ilya Frolov pursuant to which the Company is released from all Claims which Paul Chiodo and his related parties (including Chiodo Corporation Pty Ltd) have, or may have, against the Company save for the purposes of asserting any right of set-off.</p> <p>Consent Orders means consent orders in the form annexed.</p> <p>Corporations Regulations means the <i>Corporations Regulations 2001</i> (Cth).</p> <p>Creditors' Meeting Date means any a date prior to 25 Nov.</p> <p>Current Directors means Louie Kortesis and Mark Yorston.</p> <p>Deed Administrators means Jason Tracy and Lucica Palaghia of Deloitte in their capacities as deed administrators of the Company.</p> <p>DOCA means a deed of company arrangement for the Company substantively in the form of the annexed term sheet titled "<i>Keystone Asset Management (administrators appointed) (receivers & managers) - Proposal for Deed of Company Arrangement</i>".</p> <p>DOCA Execution Date means [insert date].</p> <p>Facility Agreement means a working capital facility which is intended to be provide funding to the Company in accordance with the Agreed Realisation Strategy.</p> <p>FCA Proceeding means Federal Court of Australia proceeding VID536/2024.</p> <p>Funds means any or all of SMF, ADPF and QPF.</p> <p>Investor means any investor in the SMF whether directly or via Equity Trustees Superannuation Limited or Macquarie Investment Management.</p> <p>Milestone Dates means the ASIC Undertaking Date, Board Appointment Date, CAR Orders Date, and the Perpetual Appointment Date.</p>

Item	Term
	<p>PDS means a product disclosure statement in relation to the SMF approved by ASIC.</p> <p>Perpetual means The Trust Company (RE Services) Limited .</p> <p>Perpetual Appointment Date means the date which is one Business Day after the Share Acquisition Date.</p> <p>Previous Management means Louie Kortesis, Mark Yorston, Paul Anthony Chiodo, Ilya Frolov, Maadhvi Patel, Emma Coralie Hastie, Wade Robert Hastie, Brendan David John Cawley and any other person involved in the management or control of the Company or the Funds prior to the Appointment Date.</p> <p>Projects means the developments being undertaken by the Project Entities.</p> <p>Project Entities means:</p> <ul style="list-style-type: none"> (a) 75 Port Douglas Road Pty Ltd; (b) 33 Davidson Street Pty Ltd; (c) Norwood Ponds (Land) Pty Ltd; (d) Nicholson Street Bentleigh Pty Ltd; (e) Augustine Terrace Glenroy Pty Ltd; (f) Warrigal Road Ashburton Pty Ltd; (g) Red Hill Terraces (Land) Pty Ltd; (h) Chiodo K'Gari Pty Ltd (i) Luxuria IT Project Poseidon L.L.C-FZ, Chiodo Corporation Pty Ltd and Poseidon Luxury Italy SpA 2; (j) [Fiji, Ritz-Carlto, Namuka Bay Fiji] and [Namuka Bay Health Resort, Namuka Bay, Fiji]; <p>and each a Project Entity</p> <p>Property has the meaning given to it in the orders made in the FCA Proceeding.</p> <p>Realisation Strategy means the proposed strategy for maximising the value of the Company's various investments, including in the Projects.</p> <p>Reporting Date means the date which is 3 months after the date of effectuation of the DOCA.</p> <p>Shares means all of the issued share capital in the Company.</p> <p>Second Meeting means the second meeting of creditors of the Company.</p> <p>Share Acquisition Date means the date which is one Business Day after the DOCA Execution Date.</p> <p>Trade Creditors means [to be agreed with Deloitte].</p>

Appendix G – ASIC information sheet – approving remuneration

Approving fees: A guide for creditors

This is **Information Sheet 85 (INFO 85)**. It provides creditors with information about the external administrator's fees in a liquidation of a company, voluntary administration or deed of company arrangement. This information sheet outlines the rights that creditors have in approving the external administrator's fees.

The fees of a receiver are fixed by the secured creditor that appoints the receiver and is not discussed in this information sheet.

It covers:

- entitlement to fees and costs
- who may approve fees
- calculation of fees
- initial remuneration notice
- report on proposed fees
- deciding if fees are reasonable
- reimbursement of out-of-pocket costs
- questions and complaints

Entitlement to fees and costs

An external administrator is entitled to receive:

- reasonable fees, or remuneration, for the necessary work they properly perform, after these fees have been approved by creditors, a committee of inspection or a court
- reimbursement for out-of-pocket costs incurred in performing their role.

External administrators are only entitled to fees that are reasonable for the necessary work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include 'statutory' tasks such as reporting to ASIC about potential breaches of the law and lodging forms and notices with ASIC. The external administrator is entitled to be paid for undertaking statutory tasks.

Out-of-pocket costs that are commonly reimbursed include:

- legal fees
- valuers', real estate agents' and auctioneers' fees
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering company computer records
- storage costs for company books and records.

Creditors have a direct interest in the level of fees and costs because the external administrator will generally be paid from the company's available assets before any payments are made to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third-party payment arrangement, an external administrator is sometimes not paid (or only partially paid) for the work they do.

Who may approve fees

An external administrator's fees must be approved by:

- resolution of creditors
- a committee of inspection (if there is a committee of inspection and if no resolution has been passed by creditors), or
- the court if neither the creditors or a committee of inspection have passed a resolution.

An external administrator in a member's voluntary winding up must have fees approved by a resolution of the company, or the court.

The external administrator must provide enough information to allow creditors to help you assess whether the fees are reasonable.

If fees are not approved by creditors in one of the above ways, the liquidator is entitled to receive reasonable fees up to a maximum default amount (indexed annually).

Creditors' approval of fees at a creditors' meeting

Creditors can approve fees by passing a resolution at a creditors' meeting. To vote on any resolution at a creditors' meeting, creditors state aloud their agreement or disagreement (called a 'vote on the voices') or a 'poll' is taken.

Unless creditors call for a poll, the resolution passes if a simple majority of creditors present and voting, in person or by proxy, indicates they agree to the resolution.

If a poll is taken, a majority in number and value of creditors present and voting must agree. A poll requires the votes of each creditor to be counted and recorded.

A separate creditors' resolution is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and vote on their behalf. A proxy can be a general or special proxy. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a certain way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approving their fees – they must hold a special proxy to do this. All special proxies must vote as directed, even those against approval of fees.

Creditors' approval without a creditors' meeting

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

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

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

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

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

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

The external administrator should provide you with enough information to make an informed decision. Contact the external administrator if you require further information to help you decide.

The external administrator must lodge with ASIC the outcome of the proposal. You can get a copy of the outcome of the proposal by searching [ASIC Connect](#) for a fee.

Committee of inspection approval

Where creditors have not passed a resolution approving fees, a [committee of inspection](#) can approve an external administrator's fees. In doing so, the members of the committee represent the interests of all creditors or employees, not just their own individual interests.

A committee of inspection makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about committees of inspection and how they are formed, see [Information Sheet 45 Liquidation: A guide for creditors \(INFO 45\)](#) and [Information Sheet 74 Voluntary administration: A guide for creditors \(INFO 74\)](#).

Calculation of fees

Fees may be calculated on a:

- time basis, based on time spent by the external administrator and their staff
- quoted fixed fee, based on an upfront estimate
- percentage of asset realisations.

Charging on a time basis is the most common method. If an external administrator seeks approval for charging wholly or partly on a time basis, and the work is yet to be carried out, the approval sought must include a maximum limit ('cap') on the amount of remuneration the external administrator is entitled to receive. For example, future fees calculated according to time spent may be approved based on the expected number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X.

If the work involved exceeds this figure, the external administrator will have to ask creditors/committee to approve further fees, after accounting for the fees already incurred.

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

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

It is up to the external administrator to justify why the method chosen for calculating fees is appropriate. As a creditor or committee member you have a right to question the external administrator about the calculation method used and how the calculation was made. You can also ask whether the hourly rates are negotiable.

Hourly rates

External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator.

If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve fees. It is important to note the hourly rates do not represent an hourly wage for the external administrator and their staff.

The external administrator is running a business – an insolvency practice – and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

Initial remuneration notice

If the external administrator proposes to seek fee approval, the external administrator must send creditors a notice setting out the following information:

- the method by which they seek to be paid (e.g. time basis, quoted fixed price)
- the rate of fees
- an estimate of the expected total fees
- how out-of-pocket costs will be calculated
- a brief explanation of the different methods to calculate fees
- an explanation why they chose a particular fee method
- if a time-cost basis was chosen, the hourly rates of the external administrator and other staff who will work on the external administration.

This initial remuneration notice must be sent to creditors:

- in a voluntary administration, at the same time as the notice of the first meeting of creditors is sent
- in a court liquidation, within 20 business days after the liquidator's appointment
- in a creditors' voluntary liquidation, within 10 business days after the day of the meeting at which the resolution to wind up the company is passed.

Report on proposed fees

When seeking approval of fees, the external administrator must send creditors/committee members a report setting out:

- a summary description of the major tasks performed, or likely to be performed
- the costs associated with each of these tasks and how the costs were calculated
- when the funds will be drawn to pay the fees
- an estimated total amount, or a range of total fees
- an explanation of the likely impact the fees will have on any payment to creditors
- other information that will assist creditors to assess the reasonableness of the fees claimed.

Creditors/committee members may be asked to approve fees for work already performed or an estimate of work yet to be carried out. For more information about the tasks involved, see [INFO 45](#) and [INFO 74](#).

Deciding if fees are reasonable

If you are asked to approve an amount of fees, you must decide if the amount is reasonable given the work carried out in the external administration and the results of that work.

The external administrator must provide you with certain information to help you decide if you should approve their fees. To decide if the fees claimed are reasonable and for necessary work properly performed, you might find the following additional information the external administrator provides useful:

- an explanation of why the work performed was necessary
- the size and complexity (or otherwise) of the external administration
- the value and nature of the assets or property dealt with
- the level of risk or responsibility involved with the external administration
- whether there are any extraordinary issues that the external administrator had to deal with
- the amount of fees (if any) that have previously been approved
- if the fees are calculated, in whole or in part, on a time basis:

- the period over which the work was or is likely to be performed
- the time spent by each level of staff on each of the major tasks performed or likely to be performed
- if the fees are for work that is yet to be carried out, whether the fees are capped.

If you need more information about fees than is provided in the external administrator's report, let the external administrator know before the meeting at which fees will be voted on.

What can you do if you think the fees are not reasonable?

If you think the fees claimed are not reasonable, you should raise your concerns with the external administrator. You decide whether to vote in favour of, or against, a resolution to approve fees.

Generally, if creditors or a committee of inspection approve fees and you wish to challenge this decision, you may apply to the court for review of the fees. You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

As well as a court review of the external administrator's fees, creditors (by resolution of creditors) or one or more creditors (with the external administrator's consent) can appoint a registered liquidator to carry out a review of fees and/or costs incurred by the external administrator of the company.

A creditor can also apply for ASIC to appoint a reviewing liquidator: see Form 5605 Application for ASIC to appoint a reviewing liquidator.

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

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

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

The external administrator and their staff must cooperate with the reviewing liquidator.

If creditors pass a resolution to appoint the reviewing liquidator, the reviewing liquidator's costs form part of the expenses of the external administration of the company. If one or more of the creditors appoint the reviewing liquidator with the consent of the external administrator, the reviewing liquidator's costs are borne by the creditor(s) appointing the reviewing liquidator.

Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration – as careful as if they were dealing with their own money. Their report on fees must also include information on the out-of-pocket costs of the external administration.

Out of pocket expenses (or disbursements) can be categorised into:

- external services or costs such as legal fees, valuation fees, travel, accommodation and search fees
- internal services or costs such as photocopying, printing and postage.

External costs are usually charged at cost and do not require prior approval of creditors.

Internal costs may be charged at a rate higher than actual cost in order to recover overheads and similar costs. In instances where costs are charged at a rate higher than cost, the external administrator will need to obtain creditor approval before being reimbursed.

When seeking approval of out-of-pocket expenses, the external administrator must send creditors/committee members a report setting out:

- a summary of the out-of-pocket expenses
- how they were calculated
- the total amount the external administrator is seeking reimbursement for
- why the expenses were necessary.

You may be asked to approve reimbursement of out-of-pocket expenses for expenses already incurred or an estimate of expenses to be incurred.

If the expenses are yet to be incurred, a maximum limit (cap) should be placed on the amount the external administrator may incur and get reimbursed for.

Questions and complaints

Contact the external administrator to raise questions or complaints. If this fails to resolve your concerns, including any concerns about their conduct, you can [lodge a report of misconduct with ASIC](#). ASIC does not usually become involved in matters of an external 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. We encourage you to seek your own professional advice to find out how the applicable laws apply to you, as it is your responsibility to determine your obligations.

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.

Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

This information sheet was reissued in June 2023.

Last updated: 16/06/2023 12:00

Appendix H – Administrators' remuneration approval report

Remuneration Approval Report – 25 November 2024

Keystone Asset Management Limited (Receivers and Managers Appointed) (Administrators Appointed) ACN 612 443 008 (the Company or KAM)

The report contains the following information:

Contents

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1. Summary

We are asking creditors to approve the following remuneration (GST exclusive):

	Schedule number	Resolution	Amount (excluding GST) (\$)
Voluntary Administration			
Actual: 5 September 2024 to 15 November 2024	1.1 & 1.2	KAM-1	236,091.00
Future: 16 November 2024 to the completion of the Voluntary Administration	2.1 & 2.2	KAM-2	223,220.00
Total – Voluntary Administration			459,311.00
Deed of Company Arrangement			
Future: Commencement of the deed of company arrangement to completion of the deed of company arrangement	3.1 & 3.2	KAM-3	150,000.00
Total - Deed of Company Arrangement			150,000.00
Liquidation			

	Schedule number	Resolution	Amount (excluding GST) (\$)
Future: Commencement of the liquidation to 31 December 2025	4.1 & 4.2	KAM-4	250,000.00
Total - Liquidation			250,000.00

Details of our remuneration claim can be found in **section 3** of this report.

Creditors will be asked to pass resolutions in respect of our remuneration at the meeting on **Monday, 2 December 2024**.

Please be aware that if creditors do not approve our remuneration at the second meeting of creditors, we will be required to apply to the Court for approval of our remuneration. An application to Court for approval of remuneration will add additional costs to the voluntary administration and as such, may impact on the amount of funds that would be available for distribution to creditors and likely underlying investors of the Shield Master Fund.

Approval for the future remuneration sought is based on an estimate of the work necessary to complete the voluntary administration, deed of company arrangement and liquidation of the Company. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

Whilst we are not currently seeking approval of disbursements, information regarding disbursement claims are provided at **section 4** of this report.

2. Declaration

We, Jason Tracy and Lucica Palaghia, have undertaken an assessment of the remuneration claims for our appointment as Joint and Several Voluntary Administrators to the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is necessary and proper. We have reviewed the work in progress report for the Company to ensure that remuneration is only being claimed for necessary and proper work performed.

3. Remuneration sought

Remuneration methods

There are four (4) basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

1. **Time based / hourly rates**
This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.
2. **Fixed Fee**
The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.
3. **Percentage**
The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
4. **Contingency**
The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Remuneration method chosen

Given the nature of the voluntary administration, we propose that our remuneration will be calculated on time based / hourly rates. This is because:

- It ensures that creditors are only charged for work that is performed
- We are required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries and reporting to ASIC
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the administration
- We have a time recording system that can produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the administration
- Time based remuneration calculates fees upon a basis of time spent at the level appropriate to the work performed, and
- The method provides full accountability in the method of calculation.

Details of the hourly rates are included below.

Hourly rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. Details of our hourly rates were previously provided to creditors in our circular dated 10 September 2024. Creditors should be aware that the hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage:

Title	Description	Hourly Rate (Excl GST)
Appointee / Partner / Special Principal	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$840
Principal	Typically CA or CPA qualified with in excess of 10 years' experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his / her own right.	\$740
Director	Typically CA or CPA qualified with in excess of 7 years' experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his / her own right.	\$700

Title	Description	Hourly Rate (Excl GST)
Associate Director	Typically CA or CPA qualified with 5 to 8 years' experience working on insolvency matters with a number of years at manager level. Answerable to the appointee and responsible for material aspects of an administration. Experienced and capable of controlling most aspects of an administration.	\$650
Manager	Typically CA or CPA qualified with 5 years' experience working on insolvency matters. Will have experience conducting administrations and directing a number of staff.	\$580
Senior Analyst	Typically completed or near completion of CA or CPA qualifications with 3 to 6 years insolvency experience. Assists in planning and control of smaller matters as well as performing some more difficult tasks on larger matters.	\$500
Analyst	Typically studying towards CA or CPA qualification with 1 to 4 years insolvency experience. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$410
Graduate	Junior staff member who has completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork. This may include staff located in other offices of Deloitte overseas. These staff work under the supervision of Australian staff with insolvency experience.	\$350
Other Junior	Junior staff member who has not yet completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$315
Support	Support secretarial and administrative skills.	\$250

Remuneration resolutions

Creditors will be asked to pass the following resolutions to approve our remuneration. Details to support these resolutions are included in each of the respective schedules listed below.

In respect of the estimated future remuneration resolutions, should a lesser amount be incurred, only the incurred amount will be charged and drawn. Should a greater amount be incurred, only the capped amount approved by creditors will be charged and we may seek further approval of the additional fees incurred.

Resolution KAM-1 - Current Joint and Several Voluntary Administrators' remuneration from 5 September 2024 to 15 November 2024

"That the remuneration of the Joint and Several Voluntary Administrators, for the period of the voluntary administration from 5 September 2024 to 15 November 2024, calculated at the hourly rates as detailed in the notice to creditors dated 10 September 2024 and the Remuneration Approval Report dated 25 November 2024, is approved for payment in the sum of \$236,091.00 exclusive of GST, and that the Joint and Several Voluntary Administrators can draw the remuneration immediately or as required."

Resolution KAM-2 – Future Joint and Several Voluntary Administrators’ remuneration from 16 November 2024 to the completion of the voluntary administration

“That the future remuneration of the Joint and Several Voluntary Administrators from 16 November 2024 to the completion of the voluntary administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the notice to creditors dated 10 September 2024 and the Remuneration Approval Report dated 25 November 2024, up to a capped amount of \$223,220.00 exclusive of GST, and that the Joint and Several Voluntary Administrators can draw the remuneration on a monthly basis or as required.”

Resolution KAM-3 – In the event that creditors resolve to place the Company into a Deed of Company Arrangement, to consider and if thought fit, approve the prospective Deed Administrators’ future remuneration from commencement of the deed of company arrangement to finalisation of the deed of company arrangement

“That the future remuneration of the Deed Administrators’ from the commencement of the deed of company arrangement to finalisation of the deed of company arrangement is determined at a sum equal to the cost of time spent by the Deed Administrators’ and their partners and staff, calculated at the hourly rates as detailed in the notice to creditors dated 10 September 2024 and the Remuneration Approval Report dated 25 November 2024, up to a capped amount of \$150,000.00 exclusive of GST, and that the Deed Administrators’ can draw the remuneration on a monthly basis or as required.”

Resolution KAM-4 – In the event that creditors resolve to place the Company into liquidation, to consider and if thought fit, approve the prospective Liquidators’ future remuneration from commencement of the liquidation to 31 December 2025

“That the future remuneration of the Joint and Several Liquidators from the commencement of the liquidation to 31 December 2025 is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the notice to creditors dated 10 September 2024 and the Remuneration Approval Report dated 25 November 2024, up to a capped amount of \$250,000.00 exclusive of GST, and that the Joint and Several Liquidators can draw the remuneration on a monthly basis or as required.”

Please refer to the schedules listed in the table within **section 1** for full details of the calculation and composition of the remuneration approval sought, categorised by each major task area by staff resource level.

Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the voluntary administration for the Company. Should additional work be necessary beyond what is contemplated, further approval may be sought.

We provide the following additional guidance with respect to the remuneration claims:

- We will only seek approval of the resolution for the deed administrators remuneration if the creditors resolve to enter into a deed of company arrangement, and
- We will only seek approval of the resolution for the liquidators remuneration if the creditors resolve to place the company into liquidation.

For	Period	Amount (excluding GST)	Rates to apply	When it will be drawn
Work we have already done	5 September 2024 to 15 November 2024	\$236,091.00	As provided in our notice to creditors dated 10 September	Immediately, when funds are available or at the end of the voluntary administration

For	Period	Amount (excluding GST)	Rates to apply	When it will be drawn
			2024 and this Remuneration Approval Report.	
Future work to completion	16 November 2024 to the completion of the voluntary administration	\$223,220.00	As provided in our notice to creditors dated 10 September 2024 and this Remuneration Approval Report.	Immediately, when and if the remuneration is incurred and funds are available or at the end of the voluntary administration
Voluntary Administration total		\$459,311.00		

If creditors resolve to place the Company into a deed of company arrangement:

For	Period	Amount (excluding GST)	Rates to apply	When it will be drawn
Future work – Deed of Company Arrangement	Commencement of the liquidation to finalisation of the liquidation	\$150,000.00	As provided in our notice to creditors dated 10 September 2024 and this Remuneration Approval Report.	Immediately, when and if the remuneration is incurred and funds are available
Liquidation total		\$150,000.00		

If creditors resolve to place the Company into liquidation:

For	Period	Amount (excluding GST)	Rates to apply	When it will be drawn
Future work – Liquidation	Commencement of the liquidation to 31 December 2025	\$250,000.00	As provided in our notice to creditors dated 10 September 2024 and this Remuneration Approval Report.	Immediately, when and if the remuneration is incurred and funds are available
Liquidation total		\$250,000.00		

Details of the work already done or future work that we intend to do are included in the schedules listed in **section 9** including a breakdown of time spent by each resource level on each major task for the work we have already done and the future work we will complete.

4. Disbursements sought

Disbursements are divided into three (3) types:

- **External professional services** – these are recovered at cost. An example is legal fees. It does not include insolvency services as insolvency services are claimed as remuneration.

- **External non-professional costs** – these are recovered at cost. Examples include travel, accommodation, and search fees.
- **Internal disbursements (firm non-professional costs)** – such as photocopying, printing and postage. These costs, 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.

Externally provided disbursements

A number of services (both professional and non-professional) have been supplied by external providers. These are paid by two (2) different methods:

- Professional and non-professional services usually paid out of the voluntary administration bank account at cost (for e.g. legal fees). No amounts have been paid to date. Non-professional services paid by Deloitte SRT Pty Ltd and reimbursed.

We are not required to seek creditor approval for costs paid to third parties or where we are recovering a cost incurred on behalf of the voluntary administration.

Internal disbursements

We are not currently seeking approval of any disbursements associated with the voluntary administration of the Company.

5. Likely impact on dividends

The Corporations Act 2001 sets the order for payment of claims against the Company, and it provides for remuneration of the external administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the external 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 our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

As detailed in the Voluntary Administrators' report to creditors dated 25 November 2024, the Company may be entitled to rely upon an indemnity provided by the funds for which Keystone acts as Responsible Entity and trustee. In the event that Keystone is entitled to rely on this indemnity, we note that sufficient assets are maintained by the funds for which Keystone acts as Responsible Entity and trustee to ensure that the requested remuneration and all creditor claims may be paid in full. In the event that Keystone is unable to rely upon an indemnity provided by the funds for which Keystone acts as Responsible Entity and trustee, then the claimed remuneration may not be able to be paid in full and there may be insufficient assets available to enable a distribution to creditors of Keystone.

For further information regarding estimated returns to creditors, please refer to our report to creditors dated 25 November 2024.

6. Summary of receipts and payments

As detailed in the Voluntary Administrators' report to creditors dated 25 November 2024, there have been no receipts or payments with respect to the Voluntary Administration of the Company up to the date of this report.

7. Queries

If you have any queries in relation to the information in this report, please email us at: shieldinvestors@deloitte.com.au.

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

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

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

8. Attachments

Schedule	Resolution	Description
1.1 & 1.2	KAM-1	Time charged to each major task Detailed description of tasks
2.1 & 2.2	KAM-2	Time charged to each major task Detailed description of tasks
3.1 & 3.2	KAM-3	Time charged to each major task Detailed description of tasks
4.1 & 4.2	KAM-4	Time charged to each major task Detailed description of tasks

Schedule 1.1 – Time charged to each major task

Keystone Asset Management Limited (Receivers and Managers Appointed) (Administrators Appointed)

KAM-1: Remuneration from 5 September 2024 to 15 November 2024

Resource Name	Resource Level	Rates	Total (hrs)	Total (\$)	Administration		Assets		Creditors		Investigation	
					(hrs)	(\$)	(hrs)	(\$)	(hrs)	(\$)	(hrs)	(\$)
Tracy, Jason	Appointee	840	32.7	27,468.00	9.4	7,896.00	2.8	2,352.00	20.5	17,220.00	-	-
Palaghia, Luci	Appointee	840	6.6	5,544.00	-	-	-	-	6.6	5,544.00	-	-
Lombe, David	Special Principal	840	9.0	7,560.00	1.5	1,260.00	-	-	7.5	6,300.00	-	-
Edds, Stephen	Principal	740	70.7	52,318.00	7.5	5,550.00	48.6	35,964.00	7.5	5,550.00	7.1	5,254.00
Dick, Matthew	Director	700	20.7	14,490.00	3.5	2,450.00	6.1	4,270.00	5.6	3,920.00	5.5	3,850.00
Linaker, Daniel	Director	700	34.1	23,870.00	-	-	-	-	34.1	23,870.00	-	-
Farbridge-Currie, Angela	Director	700	1.5	1,050.00	-	-	-	-	1.5	1,050.00	-	-
Paterson, Sarah	Manager	580	6.3	3,654.00	-	-	-	-	4.3	2,494.00	2.0	1,160.00
Evans, Will	Manager	580	104.0	60,320.00	18.9	10,962.00	4.7	2,726.00	72.3	41,934.00	8.1	4,698.00
Lim, Ancella	Senior Analyst	500	0.2	100.00	0.2	100.00	-	-	-	-	-	-
Peachey, Ben	Senior Analyst	500	4.6	2,300.00	-	-	-	-	4.6	2,300.00	-	-
George, Edward	Analyst	410	29.7	12,177.00	9.9	4,059.00	0.6	246.00	17.6	7,216.00	1.6	656.00
Johnstone, Shawn	Analyst	410	0.9	369.00	0.9	369.00	-	-	-	-	-	-
Shields, Alexander	Analyst	410	13.7	5,617.00	0.8	328.00	-	-	12.9	5,289.00	-	-
Zipparo, Domenico	Analyst	410	44.4	18,204.00	2.8	1,148.00	-	-	6.8	2,788.00	34.8	14,268.00
Ohtaras, Connor	Graduate	350	3.0	1,050.00	3.0	1,050.00	-	-	-	-	-	-
Total			382.1	236,091.00	58.4	35,172.00	62.8	45,558.00	201.8	125,475.00	59.1	29,886.00

Schedule 1.2 – Detailed description of tasks performed

Keystone Asset Management Limited (Receivers and Managers Appointed) (Administrators Appointed)

KAM-1: Remuneration from 5 September 2024 to 15 November 2024

Period		5 September 2024 to 15 November 2024
Amount (ex. GST)		\$236,091.00
Task Area	General Description	Tasks Completed
Assets	Subtotal	62.8 hours \$45,558.00
	Sale of Business and Deed of Company Arrangement proposals	<ul style="list-style-type: none"> • Liaising with lawyers and others to consider parties which may be interested in replacing Keystone as the Responsible Entity and trustee of funds • Liaising with parties that expressed an interest in replacing Keystone as the Responsible Entity and trustee of funds • Considering proposals submitted by interested parties for the replacement of Keystone as the Responsible Entity and trustee of funds • Liaising with key stakeholders regarding proposals submitted by interested parties for the replacement of Keystone as the Responsible Entity and trustee of funds • Considering condition precedents in proposals for the replacement of Keystone as the Responsible Entity and trustee of funds • Assessing proposals for the replacement of Keystone as the Responsible Entity and trustee of funds • Attending meetings with parties who submitted proposals for the replacement of Keystone as the Responsible Entity and trustee of funds
Creditors	Subtotal	201.8 hours \$125,475.00
	Creditor enquiries, requests and directions	<ul style="list-style-type: none"> • Receive and respond to enquiries from creditors • Review and prepare initial correspondence to creditors and their representatives • Compiling information requested by creditors • Updating the website maintained to provide creditors with an update on the status of the voluntary administration • Liaising with legal advisers regarding responses to creditor queries
	Declaration of Independence, Relevant Relationships and Indemnities	<ul style="list-style-type: none"> • Preparing and lodging Declaration of Independence, Relevant Relationships and Indemnities
	Extension of convening period	<ul style="list-style-type: none"> • Liaising with legal advisers regarding application for extension of the convening period • Preparing and swearing affidavit in respect of application for extension of the convening period

		<ul style="list-style-type: none"> • Attending hearing for extension of convening period application • Preparing and issuing correspondence to creditors regarding the extension of the convening period
	Creditor reports	<ul style="list-style-type: none"> • Preparation, review and issuance of initial circular to creditors • Preparation, review and issuance of creditor circular following first meeting of creditors • Preparation, review and planning for section 75-225 report to creditors. Preparation of the report includes: <ul style="list-style-type: none"> – Providing statutory information to creditors – Detailing the historical financial position and financial performance of the Company – Providing details of the information disclosed in the directors Report on Company Affairs and Property (ROCAP) – Detailing the outcome of the Voluntary Administrators' preliminary investigations – Providing the Voluntary Administrators' recommendation for the future of the Company – Detailing the estimated return to creditors
	Dealing with proofs of debt (PODs)	<ul style="list-style-type: none"> • Maintaining register of PODs received over the course of the voluntary administration • Communication with creditors regarding submitted PODs • Liaising with creditors to request further information substantiating amounts claimed in submitted PODs • Admitting PODs for voting purposes for the first meeting of creditors • Correspondence with our legal advisers regarding POD and supporting documents provided in respect of creditor claims • Liaising with our legal advisers regarding the admissibility of certain creditor claims submitted over the course of the voluntary administration
	First meeting of creditors	<ul style="list-style-type: none"> • Preparation of meeting notices, proxies and advertisements • Forward notice of meeting to all known creditors • Preparation of meeting file, including agenda, meeting run sheet, attendance register, list of creditors, circular to creditors and advertisement of meeting • Holding the first meeting of creditors via Microsoft Teams • Preparation of voluntary administration timeline • Preparation and lodgement of minutes of meetings with ASIC
	Meeting of the Committee of inspection	<ul style="list-style-type: none"> • Preparing and issuing notices for committee of inspection meeting • Preparation for and holding committee of inspection meeting • Preparation and lodgement of minutes of committee of inspection meeting with ASIC
	Second meeting of creditors	<ul style="list-style-type: none"> • Discussions with respect to arrangements for the second meeting of creditors
Investigations	Subtotal	59.1 hours \$29,886.00
	Conducting investigation	<ul style="list-style-type: none"> • Arranging access to Keystone's online accounting software • Extracting records from the Company's online accounting software • Reviewing information provided in response to notices for production of records

		<ul style="list-style-type: none"> • Reviewing information contained within the Report on Company Activities and Property (ROCAP) • Preparing and issuing notices to relevant parties for production of records • Liaising with legal advisers regarding notices for production of records • Liaising with legal advisers with respect to ASIC reporting obligations • Review of books and records • Preparing an investigation file • Initial drafting of ASIC lodgements with respect to the affairs of Keystone • Liaising with ASIC regarding investigations
Administration	Subtotal	<div>58.4 hours</div> <div>\$35,172.00</div>
	Correspondence	<ul style="list-style-type: none"> • Preparing general correspondence including letters, telephone calls and emails to various stakeholders • Liaising with directors representatives regarding directors statutory obligations
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • Filing of documents and emails • Updating Core IPS checklists and diary lines
	ASIC forms and lodgements	<ul style="list-style-type: none"> • Liaising with legal advisers regarding statutory lodgement obligations • Reviewing and arranging lodgement of ROCAPs submitted by the directors • Preparing and lodging ASIC forms including 505 etc.
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Notification of appointment • Correspondence with the ATO regarding trust deeds
	Planning / review	<ul style="list-style-type: none"> • Attending to all engagement set up matters • Team meetings to discuss the status and planning of the voluntary administration • Various discussions regarding status of the voluntary administration
	Books and records	<ul style="list-style-type: none"> • Maintaining electronic files

Schedule 2.1 – Time charged to each major task

Keystone Asset Management Limited (Receivers and Managers Appointed) (Administrators Appointed)

KAM-2: Remuneration from 16 November 2024 to the completion of the voluntary administration

Resource Name	Resource Level	Rates	Total (hrs)	Total (\$)	Administration		Assets		Creditors		Investigation	
					(hrs)	(\$)	(hrs)	(\$)	(hrs)	(\$)	(hrs)	(\$)
Tracy, Jason	Appointee	840	35.0	29,400.00	5.0	4,200.00	15.0	12,600.00	10.0	8,400.00	5.0	4,200.00
Palaghia, Luci	Appointee	840	6.0	5,040.00	1.0	840.00	-	-	5.0	4,200.00	-	-
Edds, Stephen	Principal	740	57.0	42,180.00	2.0	1,480.00	35.0	25,900.00	15.0	11,100.00	5.0	3,700.00
Dick, Matthew	Director	700	32.0	22,400.00	2.0	1,400.00	5.0	3,500.00	15.0	10,500.00	10.0	7,000.00
Linaker, Daniel	Director	700	50.0	35,000.00	-	-	-	-	40.0	28,000.00	10.0	7,000.00
Evans, Will	Manager	580	60.0	34,800.00	5.0	2,900.00	-	-	40.0	23,200.00	15.0	8,700.00
George, Edward	Analyst	410	50.0	20,500.00	10.0	4,100.00	-	-	40.0	16,400.00	-	-
Shields, Alexander	Analyst	410	20.0	8,200.00	10.0	4,100.00	-	-	10.0	4,100.00	-	-
Zipparo, Domenico	Analyst	410	20.0	8,200.00	-	-	-	-	-	-	20.0	8,200.00
Ohtaras, Connor	Graduate	350	50.0	17,500.00	10.0	3,500.00	-	-	40.0	14,000.00	-	-
Total			380.0	223,220.00	45.0	22,520.00	55.0	42,000.00	215.0	119,900.00	65.0	38,800.00

Schedule 2.2 – Detailed description of tasks performed

Keystone Asset Management Limited (Receivers and Managers Appointed) (Administrators Appointed)

KAM-2: Remuneration from 16 November 2024 to the completion of the voluntary administration

Period		16 November 2024 to the completion of the voluntary administration
Amount (ex. GST)		\$223,220.00
Task Area	General Description	Tasks Completed
Assets	Subtotal	55.0 hours \$42,000.00
	Sale of Business and Deed of Company Arrangement proposals	<ul style="list-style-type: none"> Considering proposals submitted by interested parties for the replacement of Keystone as the Responsible Entity and trustee of funds Liaising with key stakeholder regarding proposals submitted by interested parties for the replacement of Keystone as the Responsible Entity and trustee of funds Liaising with interested parties regarding condition precedents in proposals for the replacement of Keystone as the Responsible Entity and trustee of funds Assessing proposals for the replacement of Keystone as the Responsible Entity and trustee of funds
Creditors	Subtotal	215.0 hours \$119,900.00
	Creditor enquiries, requests and directions	<ul style="list-style-type: none"> Receive and respond to enquiries from creditors Review and prepare initial correspondence to creditors and their representatives Compiling information requested by creditors Updating the website maintained to provide creditors with an update on the status of the voluntary administration Liaising with legal advisers regarding responses to creditor queries
	Creditor reports	<ul style="list-style-type: none"> Preparation, review and issuance of section 75-225 report to creditors. Preparation of the report includes: <ul style="list-style-type: none"> Providing statutory information to creditors Detailing the historical financial position and financial performance of the Company Providing details of the information disclosed in the directors Report on Company Affairs and Property (ROCAP) Detailing the outcome of the Voluntary Administrators' preliminary investigations Providing the Voluntary Administrators' recommendation for the future of the Company Detailing the estimated return to creditors Liaising with legal advisers regarding section 75-225 report to creditors.

	Dealing with proofs of debt (PODs)	<ul style="list-style-type: none"> • Maintaining register of PODs received over the course of the voluntary administration • Communication with creditors regarding submitted PODs • Liaising with creditors to request further information substantiating amounts claimed in submitted PODs • Admitting PODs for voting purposes for the second meeting of creditors • Correspondence with our legal advisers regarding POD and supporting documents provided in respect of creditor claims • Liaising with our legal advisers regarding the admissibility of certain creditor claims submitted over the course of the voluntary administration
	Second meeting of creditors	<ul style="list-style-type: none"> • Discussions with respect to arrangements for the second meeting of creditors • Preparation of meeting notices, proxies and advertisements • Forward notice of meeting to all known creditors • Preparation of meeting file, including agenda, meeting run sheet, attendance register, list of creditors, circular to creditors and advertisement of meeting • Holding the second meeting of creditors via Microsoft Teams • Preparation of voluntary administration timeline • Preparation and lodgement of minutes of meetings with ASIC
Investigations	Subtotal	65.0 hours \$38,800.00
	Conducting investigation	<ul style="list-style-type: none"> • Reviewing information contained within the Report on Company Activities and Property (ROCAP) • Reviewing records extracted from Keystone's accounting file • Reviewing information provided in response to notices for production of records • Review of books and records • Finalising investigation file • Finalising ASIC lodgement with respect to the affairs of Keystone • Liaising with ASIC regarding investigations
Administration	Subtotal	45.0 hours \$22,520.00
	Correspondence	<ul style="list-style-type: none"> • Preparing general correspondence including letters, telephone calls and emails to various stakeholders
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • Filing of documents and emails • Updating Core IPS checklists and diary lines
	ASIC forms and lodgements	<ul style="list-style-type: none"> • Preparing and lodging ASIC forms including 505 etc.
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Liaising with the ATO regarding finalisation of the voluntary administration • Preparation and lodgement of Business Activity Statements
	Planning / review	<ul style="list-style-type: none"> • Team meetings to discuss the status and planning of the voluntary administration • Various discussions regarding status of the voluntary administration
	Books and records	<ul style="list-style-type: none"> • Maintaining electronic files

Schedule 3.1 – Time charged to each major task

Keystone Asset Management Limited (Receivers and Managers Appointed) (Administrators Appointed)

KAM-3: Remuneration from commencement of the deed of company arrangement to finalisation of the deed of company arrangement

Resource Name	Resource Level	Rates	Total (hrs)	Total (\$)	Administration		Creditors	
					(hrs)	(\$)	(hrs)	(\$)
Tracy, Jason	Appointee	840	25.0	21,000.00	5.0	4,200.00	20.0	16,800.00
Kanevsky, Glen	Appointee	840	2.0	1,680.00	2.0	1,680.00	-	-
Edds, Stephen	Principal	740	45.0	33,300.00	10.0	7,400.00	35.0	25,900.00
Evans, Will	Manager	580	60.0	34,800.00	10.0	5,800.00	50.0	29,000.00
George, Edward	Analyst	410	80.0	32,800.00	20.0	8,200.00	60.0	24,600.00
Ohtaras, Connor	Graduate	350	76.0	26,600.00	20.0	7,000.00	56.0	19,600.00
		Total	288.0	150,180.00	67.0	34,280.00	221.0	115,900.00

Schedule 3.2 – Detailed description of tasks performed

Keystone Asset Management Limited (Receivers and Managers Appointed) (Administrators Appointed)

KAM-3: Remuneration from commencement of the deed of company arrangement to finalisation of the deed of company arrangement

Period		Commencement of the deed of company arrangement to finalisation of the deed of company arrangement
Amount (ex. GST)		\$150,180.00
But say (ex. GST)		\$150,000.00
Task Area	General Description	Tasks Completed
Creditors	Subtotal	221.0 hours \$115,900.00
	Creditor enquiries, requests and directions	<ul style="list-style-type: none"> • Receive and respond to extensive enquiries from creditors and their legal representatives • Compiling information requested by creditors
	Effectuation Deed of company arrangement	<ul style="list-style-type: none"> • Liaising with the deed of company arrangement proponent with respect to the implementation of the proposal • Overseeing implementation of the deed of company arrangement • Ongoing correspondence with creditors regarding the deed of company arrangement • Correspondence with relevant parties regarding the conditions precedent for effectuation of the deed of company arrangement • Liaising with legal advisers with respect to the deed of company arrangement
	Dealing with proofs of debt (PODs) and distributions	<ul style="list-style-type: none"> • Maintaining register of PODs received over the course of the deed administration • Communication with creditors regarding submitted PODs • Liaising with creditors regarding requests for information to substantiate submitted PODs • Liaising with legal advisers regarding the adjudication of creditor claims • Adjudicating on creditor claims • Facilitating distributions in respect of admitted creditor claims
Administration	Subtotal	67.0 hours \$34,280.00
	Correspondence	<ul style="list-style-type: none"> • Preparing general correspondence including letters, telephone calls and emails to various stakeholders
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • Filing of documents and emails • Updating Core IPS checklists and diary lines
	ASIC forms and lodgements	<ul style="list-style-type: none"> • Preparing and lodging ASIC forms including 505 etc.
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Notification of appointment • Correspondence with the ATO regarding CAC numbers for the period • Attending to Business Activity Statement lodgements

	Planning / review	<ul style="list-style-type: none"> • Attending to all engagement set up matters • Team meetings to discuss the status and planning of the deed administration • Various discussions regarding status of the deed administration
	Books and records	<ul style="list-style-type: none"> • Maintaining electronic files

Schedule 4.1 – Time charged to each major task

Keystone Asset Management Limited (Receivers and Managers Appointed) (Administrators Appointed)

KAM-4: Remuneration from commencement of the liquidation to 31 December 2025

Resource Name	Resource Level	Rates	Total (hrs)	Total (\$)	Administration		Assets		Creditors		Investigation	
					(hrs)	(\$)	(hrs)	(\$)	(hrs)	(\$)	(hrs)	(\$)
Tracy, Jason	Appointee	840	55.0	46,200.00	5.0	4,200.00	15.0	12,600.00	20.0	16,800.00	15.0	12,600.00
Kanevsky, Glen	Appointee	840	10.0	8,400.00	5.0	4,200.00	-	-	5.0	4,200.00	-	-
Edds, Stephen	Principal	740	52.0	38,480.00	2.0	1,480.00	20.0	14,800.00	25.0	18,500.00	5.0	3,700.00
Dick, Matthew	Director	700	17.0	11,900.00	2.0	1,400.00	-	-	10.0	7,000.00	5.0	3,500.00
Linaker, Daniel	Director	700	45.0	31,500.00	-	-	-	-	35.0	24,500.00	10.0	7,000.00
Evans, Will	Manager	580	75.0	43,500.00	5.0	2,900.00	-	-	55.0	31,900.00	15.0	8,700.00
George, Edward	Analyst	410	60.0	24,600.00	-	-	-	-	60.0	24,600.00	-	-
Zipparo, Domenico	Analyst	410	60.0	24,600.00	-	-	20.0	8,200.00	-	-	40.0	16,400.00
Ohtaras, Connor	Graduate	350	60.0	21,000.00	-	-	-	-	60.0	21,000.00	-	-
Total			434.00	250,180.00	19.0	14,180.00	55.00	35,600.00	270.0	148,500.00	90.0	51,900.00

Schedule 4.2 – Detailed description of tasks performed

Keystone Asset Management Limited (Receivers and Managers Appointed) (Administrators Appointed)

KAM-4: Remuneration from commencement of the liquidation to 31 December 2025

Period		Commencement of the liquidation to 31 December 2025
Amount (ex. GST)		\$250,180.00
But say (ex. GST)		\$250,000.00
Task Area	General Description	Tasks Completed
Assets	Subtotal	55.0 hours \$35,600.00
	Responsible entity and trustees indemnity	<ul style="list-style-type: none"> Reviewing trust deeds detailing Keystone's indemnity from assets of the funds for which Keystone acts as Responsible Entity and trustee Considering the ability of Keystone to make claims as against the funds for which Keystone acts as Responsible Entity and trustee pursuant to the indemnity Pursuing recovery of funds pursuant to the indemnity from the funds for which Keystone acts as Responsible Entity and trustee Liaising with legal advisers regarding the recovery of amounts pursuant to the indemnity from assets of the funds for which Keystone acts as Responsible Entity and trustee
	Other Assets	<ul style="list-style-type: none"> Pursuing recovery of trade and other receivables and other assets maintained by Keystone
Creditors	Subtotal	270.0 hours \$148,500.00
	Creditor enquiries, requests and directions	<ul style="list-style-type: none"> Receive and respond to enquiries from creditors Review and prepare initial correspondence to creditors and their representatives Compiling information requested by creditors Updating the website maintained to provide creditors with an update on the status of the voluntary administration Liaising with legal advisers regarding responses to creditor queries
	Creditor reports	<ul style="list-style-type: none"> Preparation, review and issuance of circulars to creditors Preparation, review and issuance of statutory report to creditors Preparation, review and issuance of any supplementary reports to creditors Attending to any enquiries associated with any reports and circulars to creditors
	Dealing with proofs of debt (PODs)	<ul style="list-style-type: none"> Maintaining register of PODs received over the course of the liquidation Communication with creditors regarding submitted PODs Liaising with creditors regarding requests for information to substantiate amounts claimed in PODs Liaising with legal advisers regarding the adjudication of claims submitted by creditors

		<ul style="list-style-type: none"> Adjudicating on claims submitted by creditors
Investigations	Subtotal	90.0 hours \$51,900.00
	Conducting investigation	<ul style="list-style-type: none"> Reviewing information contained within the Report on Company Activities and Property (ROCAP) Reviewing records extracted from Keystone's accounting file Reviewing information provided in response to notices for production of records Issuance of further requests for information Liaising with legal advisers regarding the appropriateness of examining relevant parties Attending to the examination of relevant parties Review of books and records Preparation of investigation file Lodgement of investigation file with respect to the affairs of Keystone with ASIC Liaising with ASIC regarding investigations
Administration	Subtotal	19.0 hours \$14,180.00
	Correspondence	<ul style="list-style-type: none"> Preparing general correspondence including letters, telephone calls and emails to various stakeholders
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> Filing of documents and emails Updating Core IPS checklists and diary lines Preparation of receipts and payments forms Uploading receipts and payments to IPS for reporting purposes and statutory lodgements
	Bank account administration	<ul style="list-style-type: none"> Correspondence regarding bank accounts Bank account reconciliations and reviews
	ASIC forms and lodgements	<ul style="list-style-type: none"> Preparing and lodging ASIC forms including 505 etc.
	ATO and other statutory reporting	<ul style="list-style-type: none"> Notification of appointment Correspondence with the ATO regarding CAC numbers for the period Preparing and lodging Business Activity Statements
	Planning / review	<ul style="list-style-type: none"> Attending to all engagement set up matters Team meetings to discuss the status and planning of the liquidation Various discussions regarding status of the liquidation
	Books and records	<ul style="list-style-type: none"> Maintaining electronic files

Appendix I – Prior Administrators' remuneration approval report



Keystone Asset Management Ltd

(Administrators Appointed) (Receivers and Managers Appointed)

ACN 612 443 008

Remuneration Approval Report

14 November 2024

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Glossary

Term	Definition
ARITA	Australian Restructuring Insolvency & Turnaround Association
ASIC	Australian Securities & Investments Commission
ATO	Australian Taxation Office
Act	<i>Corporations Act 2001</i>
the Company	Keystone Asset Management Ltd (Administrators Appointed) (Receivers and Managers Appointed)
the Prior Administrators	Scott Langdon, John Mouawad and Michael Korda of KordaMentha
Proof of Debt Form	Form 535 - Proof of Debt or Claim Form
Proxy Form	Appointment of Proxy Form

1 Summary

This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of the Prior Administrators’ remuneration, along with internal disbursements, for undertaking the voluntary administration of the Company for the period from 28 August 2024 to 5 September 2024.

Further details regarding the appointment of the Prior Administrators and the progress of the voluntary administration are provided in section 2 of this remuneration approval report.

1.1 Current approval request

The Prior Administrators are asking creditors of the Company to approve the following remuneration and internal disbursements:

	Remuneration Amount \$ (Ex GST)	Internal Disbursements Amount \$ (Ex GST)
Voluntary Administration up to date of 5 September 2024	92,027.50	400.00
Finalisation of Voluntary Administration to 6 October 2024	8,672.00	-
Total (Ex GST)	100,699.50	400.00

Details of the Prior Administrators’ remuneration and internal disbursements can be found in sections 4 and 5 of this remuneration approval report, respectively.

Creditors of the Company will be asked to vote on resolutions approving these amounts at the Second Meeting of Creditors of the Company to be held on 2 December 2024.

2 Progress of voluntary administration

The Company was placed into voluntary administration on 28 August 2024 pursuant to a resolution of the Company’s directors and Scott Langdon, John Mouawad and Michael Korda of KordaMentha were appointed as voluntary administrators (‘the Prior Administrators’).

On 27 August 2024, the Federal Court of Australia in proceeding number VID 536 of 2024, ordered (amongst other things) that Jason Tracy and Lucica Palaghia of Deloitte Financial Advisory Pty Ltd be appointed as joint and several receivers and managers (‘Receivers’) of the Property of the Company (insofar as that term was defined in the Court Order of 27 August 2024).

On appointment the Prior Administrators took the following actions, amongst others:

- obtained books and records of the Company
- froze bank accounts in the name of the Company
- communicated with all key stakeholders and creditors of the Company
- distributed proofs of debt for completion by the Company’s creditors
- communicated with a potential buyer of the Company
- liaised with legal counsel and advisors regarding the application brought by ASIC to remove the Administrators.

On 30 August 2024, the Prior Administrators attended a hearing of the Federal Court of Australia concerning proceeding number VID 536 of 2024.

On 2 September, the Prior Administrators issued a notice of the First Meeting of Creditors of the Company to the Company’s creditors, noting the First Meeting was to be held at 2.00 PM AEST on 9 September 2024.

On 5 September 2024, as determined by an order of the Federal Court of Australia in proceeding number VID 536 of 2024 (‘the Removal Court Order’), the Prior Administrators were removed as the administrators of the Company and Jason Tracy and Lucica Palaghia of Deloitte Financial Advisory Pty Ltd were appointed as the joint and several administrators of the Company.

Paragraph 6(d) of the Removal Court Order set out that the costs of the Prior Administrators be paid out of the Property of the Company. This remuneration approval report relates to these costs.



3 Declaration

The Prior Administrators have undertaken an assessment of the remuneration and internal disbursement claims in accordance with the law and applicable professional standards. The Prior Administrators are satisfied that the remuneration and internal disbursements claimed are necessary and proper.

The Prior Administrators have reviewed the work in progress reports for the voluntary administration to ensure that remuneration is only being claimed for necessary and proper work performed and no adjustment was necessary.

4 Remuneration

The remuneration the Prior Administrators are asking creditors to approve is as follows:

Remuneration type	Period of remuneration	Amount \$ (ex GST)	Applicable rates (ex GST)	When it will be drawn
Voluntary administration up second meeting of creditors:				
Voluntary Administration	28 August 2024 to 5 September 2024	92,027.50	KordaMentha Rates – National RST – FY2025 – Appendix A	Immediately on approval
Finalisation of Voluntary Administration	6 September 2024 to 6 October 2024	8,672.00	KordaMentha Rates – National RST – FY2025 – Appendix A	Immediately on approval
Total (ex GST)		100,699.50		

The rates applicable to the remuneration set out above are KordaMentha Rates – National RST – FY2025 and can be found in Appendix A of this remuneration approval report.

Appendix B of this remuneration approval report provides details of the work already done as well as a breakdown of time spent by staff members on each major task.

For work the Prior Administrators have already done, remuneration will be drawn immediately after approval or as required.

Actual resolutions to be put to the creditors at the Second Meeting of Creditors on 2 December 2024 are also set out in Appendix B of this remuneration approval report.

5 Disbursements

5.1 External disbursements

The Prior Administrators are not required to seek approval for costs paid to third parties or for disbursements where the Prior Administrators are recovering a cost incurred by KordaMentha on behalf of the Company, but the Prior Administrators must provide details of same, to creditors. Please refer to Appendix C of the remuneration approval report for disbursements incurred by the Prior Administrators, which may or may not have yet been reimbursed to KordaMentha and to the 'Appointee Disbursements' in the attached summary of receipts and payments at Appendix D of this remuneration approval report for disbursements that have already been reimbursed to KordaMentha.

5.2 Internal disbursements

The Prior Administrators are required to obtain creditors' consent for the payment of a disbursement where the Prior Administrators, or a related entity of the Prior Administrators, may directly or indirectly obtain a profit.

The internal disbursements the Prior Administrators are asking creditors to approve are as follows:

Internal disbursements type	Period of internal disbursements	Amount \$ (ex GST)
Internal disbursements already incurred	28 August 2024 to 5 September 2024	400.00
Total (ex GST)		400.00

Details of the KordaMentha disbursement policy are included in Appendix A to this remuneration approval report. The internal disbursements claims have been calculated at the rates as set out in this schedule.

For internal disbursements the Prior Administrators have already incurred, they will be drawn immediately after approval or as required.

Details of internal disbursements already incurred are included in Appendix B of this remuneration approval report.

Actual resolutions to be put to creditors at the Second Meeting of Creditors on 2 December 2024 are also included in Appendix B of this remuneration approval report.

6 Receipts and payments

A summary of the receipts and payments of the voluntary administration from 28 August 2024 to 5 September 2024 is included as Appendix D to this remuneration approval report.

7 Contact details and further information

You can 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 'INFO 85')

Supporting documentation for our remuneration and internal disbursement claims may be viewed if requested, provided sufficient notice is given.

Should you have any queries or need any assistance with understanding the information in this remuneration approval report, please contact Gleb Mezenkov of this office by email at keystone@kordamentha.com.

Dated: 14 November 2024



Scott Langdon
Prior Voluntary Administrator



John Mouawad
Prior Voluntary Administrator



Michael Korda
Prior Voluntary Administrator

KordaMentha
Level 5 'Chifley Tower'
2 Chifley Square
Sydney NSW 2000



Appendix A Schedule of KordaMentha Rates

KordaMentha Rates – National RST – FY2025 and a guide to staff experience



KordaMentha rates

National - RST

Applicable from 1 July 2024

FY 2025

Classification	\$ per hour*
Partner/Principal Appointee	950
Executive Director	925
Director	900
Associate Director	850
Manager	750
Associate	650
Executive Analyst	550
Analyst	475
Administration	230

*Exclusive of GST

KordaMentha disbursement policy

Disbursements incurred from third party suppliers are charged at the cost invoiced except for ASIC charges when only an estimated amount is known or the future storage and destruction of books and records, which is charged at the actual rate at the time of the resolution. KordaMentha does not add any margin to disbursements incurred through third parties. There are no charges for internal KordaMentha disbursements, such as internal photocopy use, telephone calls or facsimiles, except for bulk printing and postage that is performed internally, which are calculated on a variable cost recovery basis.

In relation to any employee allowances, being kilometre allowance and reasonable travel allowance, the rate of the allowance set by KordaMentha is at or below the rate set by the Australian Taxation Office.

If a KordaMentha data room is utilised, the fee will be based on the duration and size of the data room. Certain services provided by Forensic Technology may require the processing of electronically stored information into specialist review platforms. Where these specific Forensic Technology resources are utilised, the fee will be based on units (e.g. number of laptops), size (e.g. per gigabyte) and/or period of time (e.g. period of hosting).

GST is applied to disbursements as required by law.

KordaMentha disbursement internal rates and allowances applicable from 1 July 2024

Description	Charge*
Envelopes	\$0.10 to \$0.62 per envelope (varies due to size)
Printing (internal print runs)	\$0.06 per page
ASIC charges for appointments and notifiable events	These amounts will be charged at the amount disclosed in the schedule at the time of the resolution was passed. The current estimated levy amount is: \$100.00 per appointee or notifiable event
Travel Reimbursement	\$0.60 per kilometre
Meal per diem, etc.	Up to \$92.70 per day per staff member (unless other arrangements made)
Storage and destruction of books and records of the entity and the external administration	Storage - \$3.24 per box per annum Cost of box establishment - \$7.16 per box Destruction - \$6.12 per box
RelativityOne fee	Data hosting \$20.00 per GB per month
	Repository workspace \$10.00 per GB per month
	Cold storage \$5.00 per GB per month
	Data processing \$10.00 per GB
	<i>Note: only one of Data hosting, Repository workspace, Cold storage or Data processing cost will be charged at any one time</i>
Data Room Plan and Fee	Refer to attached table

*Exclusive of GST, reviewed annually on 1 July. Postage is based on standard weight – amounts above that will be at cost.

Data Room Plan and Fee

250 MB Data Plan				1 GB Data Plan				2 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 50 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 100 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 200 MB, per Month
Monthly	\$499.00	\$499.00	\$179.00	Monthly	\$1,534.00	\$1,534.00	\$179.00	Monthly	\$2,127.00	\$2,127.00	\$179.00
3 months	\$424.00	\$1,272.00	\$152.00	3 months	\$1,286.00	\$3,858.00	\$152.00	3 months	\$1,781.00	\$5,343.00	\$152.00
6 months	\$374.00	\$2,244.00	\$134.00	6 months	\$1,132.00	\$6,792.00	\$134.00	6 months	\$1,572.00	\$9,432.00	\$134.00
12 months	\$299.00	\$3,588.00	\$107.00	12 months	\$860.00	\$10,320.00	\$107.00	12 months	\$1,186.00	\$14,232.00	\$107.00
4 GB Data Plan				5 GB Data Plan				6 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$2,945.00	\$2,945.00	\$179.00	Monthly	\$3,821.00	\$3,821.00	\$179.00	Monthly	\$4,237.00	\$4,237.00	\$179.00
3 months	\$2,463.00	\$7,389.00	\$152.00	3 months	\$3,249.00	\$9,747.00	\$152.00	3 months	\$3,613.00	\$10,839.00	\$152.00
6 months	\$2,177.00	\$13,062.00	\$134.00	6 months	\$2,872.00	\$17,232.00	\$134.00	6 months	\$3,184.00	\$19,104.00	\$134.00
12 months	\$1,648.00	\$19,776.00	\$107.00	12 months	\$2,287.00	\$27,444.00	\$107.00	12 months	\$2,533.70	\$30,404.40	\$107.00
7 GB Data Plan				8 GB Data Plan				9 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$4,575.00	\$4,575.00	\$179.00	Monthly	\$4,718.00	\$4,718.00	\$179.00	Monthly	\$4,848.00	\$4,848.00	\$179.00
3 months	\$3,899.00	\$11,697.00	\$152.00	3 months	\$4,016.00	\$12,048.00	\$152.00	3 months	\$4,120.00	\$12,360.00	\$152.00
6 months	\$3,431.00	\$20,586.00	\$134.00	6 months	\$3,548.00	\$21,288.00	\$134.00	6 months	\$3,639.00	\$21,834.00	\$134.00
12 months	\$2,742.00	\$32,904.00	\$107.00	12 months	\$2,820.00	\$33,840.00	\$107.00	12 months	\$2,898.00	\$34,776.00	\$107.00
10 GB Data Plan				11 GB Data Plan				12 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$5,329.00	\$5,329.00	\$179.00	Monthly	\$5,875.00	\$5,875.00	\$179.00	Monthly	\$6,421.00	\$6,421.00	\$179.00
3 months	\$4,536.00	\$13,608.00	\$152.00	3 months	\$5,004.00	\$15,012.00	\$152.00	3 months	\$5,459.00	\$16,377.00	\$152.00
6 months	\$4,003.00	\$24,018.00	\$134.00	6 months	\$4,406.00	\$26,436.00	\$134.00	6 months	\$4,822.00	\$28,932.00	\$134.00
12 months	\$3,184.00	\$38,208.00	\$107.00	12 months	\$3,522.00	\$42,264.00	\$107.00	12 months	\$3,847.00	\$46,164.00	\$107.00
13 GB Data Plan				14 GB Data Plan				15 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$6,967.00	\$6,967.00	\$179.00	Monthly	\$7,513.00	\$7,513.00	\$179.00	Monthly	\$7,994.00	\$7,994.00	\$179.00
3 months	\$5,927.00	\$17,781.00	\$152.00	3 months	\$6,395.00	\$19,185.00	\$152.00	3 months	\$6,798.00	\$20,394.00	\$152.00
6 months	\$5,225.00	\$31,350.00	\$134.00	6 months	\$5,641.00	\$33,846.00	\$134.00	6 months	\$6,005.00	\$36,030.00	\$134.00
12 months	\$4,172.00	\$50,064.00	\$107.00	12 months	\$4,497.00	\$53,964.00	\$107.00	12 months	\$4,783.00	\$57,396.00	\$107.00



16 GB Data Plan				17 GB Data Plan				18 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$8,540.00	\$8,540.00	\$179.00	Monthly	\$9,086.00	\$9,086.00	\$179.00	Monthly	\$9,632.00	\$9,632.00	\$179.00
3 months	\$7,266.00	\$21,798.00	\$152.00	3 months	\$7,734.00	\$23,202.00	\$152.00	3 months	\$8,189.00	\$24,567.00	\$152.00
6 months	\$6,408.00	\$38,448.00	\$134.00	6 months	\$6,824.00	\$40,944.00	\$134.00	6 months	\$7,227.00	\$43,362.00	\$134.00
12 months	\$5,121.00	\$61,452.00	\$107.00	12 months	\$5,446.00	\$65,352.00	\$107.00	12 months	\$5,771.00	\$69,252.00	\$107.00
19 GB Data Plan				20 GB Data Plan							
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month				
Monthly	\$10,178.00	\$10,178.00	\$179.00	Monthly	\$10,724.00	\$10,724.00	\$179.00				
3 months	\$8,657.00	\$25,971.00	\$152.00	3 months	\$9,125.00	\$27,375.00	\$152.00				
6 months	\$7,643.00	\$45,858.00	\$134.00	6 months	\$8,046.00	\$48,276.00	\$134.00				
12 months	\$6,096.00	\$73,152.00	\$107.00	12 months	\$6,421.00	\$77,052.00	\$107.00				



KordaMentha classifications

Classification	Guide to level of experience
Partner/Executive Director/ Principal Appointee	Specialist skills brought to the engagement. Includes Registered Liquidator/Trustee and their Partners. Generally in excess of 10 years' experience.
Director	More than eight years' experience and more than three years as a Manager. Answerable to the Partner or Executive Director, but otherwise responsible for all aspects of an engagement. Controls staffing and their training.
Associate Director	Five to eight years' experience with well-developed technical and commercial skills. Will have conduct of minor engagements and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large engagements.
Manager	Four to six years' experience. Will have had conduct of minor engagements and experience in control of one to three staff. Assists with the planning control of medium to large engagements.
Associate	Two to four years' experience. Assists planning and control of small to medium engagements as well as performing some of the more difficult tasks on larger engagements.
Executive Analyst	One to three years' experience. Required to control the tasks on small engagements and is responsible for assisting tasks on medium to large engagements.
Analyst	Undergraduate or graduate with up to two years' experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	Appropriate skills, including books and records management.

Appendix B Resolutions and supporting information

Resolutions

Resolution 1 – Work already done by Prior Administrators

‘That the remuneration of the Prior Administrators for the period 28 August 2024 to 6 October 2024 in the amount of \$100,699.50, excluding GST, calculated on the basis of time spent by the Prior Administrators and KordaMentha staff as detailed in the Remuneration Approval Report to creditors dated 14 November 2024, is approved for payment immediately or as required.’

Resolution 2 – Internal disbursements already incurred by Prior Administrators

‘That the internal disbursements of the Prior Administrators, including those paid to staff, for the period 28 August 2024 to 5 September 2024 in the amount of \$400.00, excluding GST, calculated at the rates as detailed in the Remuneration Approval Report to creditors dated 14 November 2024, are approved for payment immediately or as required.’

Remuneration by task area

The basis of calculating the Prior Administrators’ remuneration claims is summarised below.

The following pages include a table setting out the time charged to each major task area by staff members working on the voluntary administration for the period 28 August 2024 to 5 September 2024 and the remuneration associated with that time and for the finalisation of the voluntary administration for the period 6 September 2024 to 6 October 2024, which together form the basis of Resolution 1. More detailed descriptions of the major tasks performed for Resolution 1 and the costs associated with each of those major task areas, matching the amounts in this table, are also included in this appendix.

Resolution	Period	Task areas						
		Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Trading \$	Administration and risk mitigation \$
1	28 August 2024 to 5 September 2024	92,027.50	2,040.00	750.00	-	18,635.00	-	70,602.50
2	6 September 2025 to 6 October 2024	8,672.00	-	825.00	-	4,427.00	-	3,420.00
Total		100,699.50	2,040.00	1,575.00	-	23,062.00	-	74,022.50

Keystone Asset Management Ltd
(Administrators Appointed) (Receivers and Managers Appointed)
Prior Administrators' Remuneration
Remuneration report by person
For the Period 28 August 2024 to 5 September 2024

Name	Classification	Hourly rate	Total		Assets		Creditors		Employees		Statutory Compliance		Trading		Administration & Risk	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Scott Langdon	Partner	\$ 950.00	33.4	31,730.00	-	-	-	-	-	-	-	-	-	-	33.4	31,730.00
John Mouawad	Partner	\$ 950.00	14.8	14,060.00	-	-	-	-	-	-	-	-	-	-	14.8	14,060.00
Michael Korda	Partner	\$ 950.00	16.7	15,865.00	1.8	1,710.00	-	-	-	-	0.8	760.00	-	-	14.1	13,395.00
Gleb Mezenkov	Manager	\$ 750.00	23.4	17,550.00	-	-	1.0	750.00	-	-	13.5	10,125.00	-	-	8.9	6,675.00
Nicholas Spanner	Manager	\$ 750.00	2.5	1,875.00	-	-	-	-	-	-	2.5	1,875.00	-	-	-	-
Peter Littleyuile	Executive Analyst	\$ 550.00	16.5	9,075.00	0.6	330.00	-	-	-	-	8.4	4,620.00	-	-	7.5	4,125.00
Zac Shaw	Business Analyst	\$ 475.00	1.8	855.00	-	-	-	-	-	-	1.8	855.00	-	-	-	-
Indra Permana	Administration	\$ 475.00	1.1	522.50	-	-	-	-	-	-	0.6	285.00	-	-	0.5	237.50
Jules Pangan	Administration	\$ 230.00	0.3	69.00	-	-	-	-	-	-	0.3	69.00	-	-	-	-
Marsha Garrison	Administration	\$ 230.00	0.2	46.00	-	-	-	-	-	-	-	-	-	-	0.2	46.00
Jerilynn Frame	Administration	\$ 230.00	0.2	46.00	-	-	-	-	-	-	0.2	46.00	-	-	-	-
Diana D'Amato	Administration	\$ 230.00	0.8	184.00	-	-	-	-	-	-	-	-	-	-	0.8	184.00
Dominic Tse	Administration - IT	\$ 750.00	0.2	150.00	-	-	-	-	-	-	-	-	-	-	0.2	150.00
Total hours and fees			111.9	92,027.50	2.4	2,040.00	1.0	750.00	-	-	28.1	18,635.00	-	-	80.4	70,602.50

Keystone Asset Management Ltd
(Administrators Appointed) (Receivers and Managers Appointed)
Prior Administrators' Remuneration
Remuneration report by person
For the Period 6 September 2024 to 6 October 2024

Name	Classification	Hourly rate	Total		Assets		Creditors		Employees		Statutory Compliance		Trading		Administration & Risk	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
John Mouawad	Partner	\$ 950.00	3.5	3,325.00	-	-	-	-	-	-	-	-	-	-	3.5	3,325.00
Gleb Mezenkov	Manager	\$ 750.00	2.0	1,500.00	-	-	-	-	-	-	2.0	1,500.00	-	-	-	-
Peter Littleyuile	Executive Analyst	\$ 550.00	3.1	1,705.00	-	-	1.5	825.00	-	-	1.6	880.00	-	-	-	-
Zac Shaw	Business Analyst	\$ 475.00	0.2	95.00	-	-	-	-	-	-	-	-	-	-	0.2	95.00
Jules Pangan	Administration	\$ 230.00	0.4	92.00	-	-	-	-	-	-	0.4	92.00	-	-	-	-
Jerilynn Frame	Administration	\$ 230.00	8.5	1,955.00	-	-	-	-	-	-	8.5	1,955.00	-	-	-	-
Total hours and fees			17.7	8,672.00	-	-	1.5	825.00	-	-	12.5	4,427.00	-	-	3.7	3,420.00



Details of work –

Keystone Asset Management Ltd (Administrators Appointed) (Receivers and Managers Appointed)

		Resolution 1
		Work already done
Period		28 August 2024 to 6 October 2024
Total Amount (ex GST)		\$100,699.50
Task area	Assets	2.40 hours \$2,040.00
Sale of business as a going concern	<ul style="list-style-type: none"> Liaising with purchasers 	✓
Task area	Creditors	2.50 hours \$1,575.00
Creditor enquiries	<ul style="list-style-type: none"> Receive and respond to creditor enquiries via mail, email and phone Consideration of reasonableness of and responding to creditor requests 	✓ ✓
Reports to creditors	<ul style="list-style-type: none"> Preparation of initial correspondence to creditors 	✓
Meetings of creditors	<ul style="list-style-type: none"> Responding to stakeholder queries and questions re the first meeting of creditors 	✓
Proofs of debts	<ul style="list-style-type: none"> Receipt of proofs of debt Maintenance of proof of debt register Request further substantiation 	✓ ✓ ✓
Task area	Statutory compliance	40.60 hours \$23,062.00
Books and records	<ul style="list-style-type: none"> Receipt of books and records 	✓
ASIC	<ul style="list-style-type: none"> Notifications to ASIC Preparation and lodgement of ASIC forms, including administration returns 	✓ ✓
ATO and other statutory reporting	<ul style="list-style-type: none"> Notification of appointment 	✓
Directors	<ul style="list-style-type: none"> Correspondence and meetings with directors 	✓
Meeting of creditors	<ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Correspondence to creditors, including mail distribution Preparation of meeting documents, including agenda, attendance register, list of creditors etc. 	✓ ✓ ✓
Ceasing to act	<ul style="list-style-type: none"> Notification to ASIC Notification to ATO, including cancellation of registrations 	✓ ✓
Task area	Administration and risk mitigation	84.10 hours \$72,022.50
Correspondence	<ul style="list-style-type: none"> Correspondence as required 	✓
Planning/review	<ul style="list-style-type: none"> Discussions re status of administration, strategy and outstanding issues Discussions re status of administration, strategy and outstanding issues 	✓ ✓
Document maintenance, file review, checklist	<ul style="list-style-type: none"> Review of administration – during first month Filing of documents Update of work programs File review 	✓ ✓ ✓ ✓
Insurance	<ul style="list-style-type: none"> Identification of potential issues requiring attention of insurance specialists 	✓

		Resolution 1
		Work already done
	<ul style="list-style-type: none"> Correspondence with insurance brokers re initial and ongoing insurance requirements 	✓
Bank account administration	<ul style="list-style-type: none"> Opening and closing accounts 	✓
General administration	<ul style="list-style-type: none"> Risk assessment 	✓
	<ul style="list-style-type: none"> Set up of client 	✓
	<ul style="list-style-type: none"> Word processing 	✓
Remuneration	<ul style="list-style-type: none"> Recording of time, including details 	✓
	<ul style="list-style-type: none"> Preparation of remuneration schedules 	✓
	<ul style="list-style-type: none"> Invoice preparation 	✓
Other appointees	<ul style="list-style-type: none"> Correspondence with Receivers and Managers 	✓
Litigation	<ul style="list-style-type: none"> Preparation of application to Court regarding the removal of the Prior Administrators as administrators of the Company 	✓
	<ul style="list-style-type: none"> General correspondence in relation to litigation 	✓
	<ul style="list-style-type: none"> Internal meetings to discuss status of litigation 	✓
	<ul style="list-style-type: none"> Preparation of brief for solicitor 	✓
	<ul style="list-style-type: none"> Attend to Court hearings concerning proceeding number VID 536 of 2024 	✓
Finalisation	<ul style="list-style-type: none"> Notification to creditors and statutory authorities of finalisation 	✓
	<ul style="list-style-type: none"> Completion of checklists 	✓

Internal Disbursements –

Keystone Asset Management Ltd (Administrators Appointed) (Receivers and Managers Appointed)

Disbursement type	Basis	Resolution 2 Disbursements already incurred (approve actual amount)
Period		28 August 2024 to 5 September 2024
Amount (ex GST)		\$400.00
ASIC Charges for appointments and notifiable events	\$100.00 per notifiable event	3 appointees and 1 notifiable event \$400.00

Note: the disbursement charges above are exclusive of GST

ASIC charges a levy on the following metrics:

- A charge per appointee per company for being appointed as a Voluntary Administrator, Deed Administrator or Liquidator
- A charge per appointee per company if you are still appointed on 1 July each year
- A charge for each notice of meeting
- A charge for advertising for formal proofs of debt
- A charge for advertising an intention to declare a dividend
- A charge for lodgement of an executed deed of company arrangement.



Appendix C Prior Administrators' external disbursements

Keystone Asset Management Ltd (Administrators Appointed) (Receivers and Managers Appointed)

Externally provided disbursements paid or incurred during the period 28 August 2024 to 6 October 2024	Basis	Actual \$ (ex GST)
Externally provided professional services		
Legal – Ashurst	At cost	204,469.41
Counsel – Dever's List	At cost	18,181.82
Counsel – List G Barristers	At cost	19,600.00
Consulting – The Civic Partnership	At cost	8,058.32
Total – Externally provided professional services		250,309.55
Externally provided non-professional disbursements	At cost	0.00
Total – Externally provided non-professional disbursements		0.00
Total external disbursements		250,309.55

**Appendix D Prior Administrators’ receipts and payments from
28 August 2024 to 5 September 2024**

Account	Amount (incl. GST) (\$)
Receipts	
Nil	-
Total receipts	-
Payments	
Nil	-
Total payments	-
Net receipts and payments (closing cash balance)	-



Appendix J – Copy of the 26 June Orders



Federal Court of Australia

District Registry: Victoria

Division: General

No: VID536/2024

AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION

Plaintiff

KEYSTONE ASSET MANAGEMENT LTD ACN 612 443 008 and another named in the
schedule

Defendant

ORDER

JUDGE: JUSTICE O'CALLAGHAN

DATE OF ORDER: 26 June 2024

WHERE MADE: Melbourne

PENAL NOTICE

TO: KEYSTONE ASSET MANAGEMENT LTD ACN 612 443 008

IF YOU (BEING THE PERSON BOUND BY THIS ORDER):

- (A) REFUSE OR NEGLECT TO DO ANY ACT WITHIN THE TIME SPECIFIED IN THIS ORDER FOR THE DOING OF THE ACT; OR**
- (B) DISOBEY THE ORDER BY DOING AN ACT WHICH THE ORDER REQUIRES YOU NOT TO DO,**

YOU WILL BE LIABLE TO IMPRISONMENT, SEQUESTRATION OF PROPERTY OR OTHER PUNISHMENT.

ANY OTHER PERSON WHO KNOWS OF THIS ORDER AND DOES ANYTHING WHICH HELPS OR PERMITS YOU TO BREACH THE TERMS OF THIS ORDER MAY BE SIMILARLY PUNISHED.



UNDERTAKING:

Jason Tracy and Lucica Palaghia of Deloitte Financial Advisory Pty Ltd (**Deloitte**) undertake to the Court (**Annexure A**) that they will, until further order of the Court:

- (a) verify whether any payments and other transactions proposed to be entered into by the First Defendant constitute Permitted Transactions (as defined in paragraph 3 below) by way of the following process:
 - (i) Simon Milne of CF Capital Investments Pty Ltd (**CF Capital**) to issue proposed payment approvals (**PPAs**) to Deloitte in respect of all proposed transactions;
 - (ii) Deloitte to issue a response to the PPAs either verifying those purchase orders as Permitted Transactions or rejecting those PPAs;
- (b) provide a weekly report to the Plaintiff each Friday listing all Permitted Transactions entered into by the First Defendant during that week and identifying any rejected transactions;
- (c) prepare the report on the financial position of the Shield Master Fund and the Advantage Diversified Property Fund referred to in paragraph 6 below; and
- (d) notify the Plaintiff forthwith if Deloitte becomes aware of any non-compliance with these Orders.

UPON RECEIPT OF THE UNDERTAKING, THE COURT ORDERS BY CONSENT OF THE PLAINTIFF AND FIRST DEFENDANT THAT:

1. Pursuant to sections 1323(1)(h) and (3) of the *Corporations Act 2001* (Cth) and section 23 of the *Federal Court of Australia Act 1976* (Cth) and the Court's inherent jurisdiction, Jason Tracy and Lucica Palaghia of Deloitte be appointed, jointly and severally without giving security, to have full control of any bank account held in the name of the First Defendant, the Shield Master Fund, or beneficially held by either, until further order.



2. Save as provided for by paragraph 3, the First Defendant, by itself, its agents or employees, including the Second Defendant in his capacity as agent of the First Defendant, is restrained until further order from:
 - (a) removing, or causing or permitting to be removed from Australia all real or personal property, assets or interests in property of any kind, within or outside Australia, comprising, further to 1323(2A) of the Corporations Act, the Shield Master Fund (ARSN 650 112 057), the Advantage Diversified Property Fund and the Quantum PE Fund (**the Property**);
 - (b) selling, charging, mortgaging, encumbering or otherwise dealing with, disposing of and/or diminishing the value of all or any of the Property;
 - (c) causing or permitting to be sold, charged, mortgaged, encumbered or otherwise dealt with, disposed of, or diminished in value, all or any of the Property;
 - (d) without limiting the terms of sub-paragraphs (a) to (c) above, incurring new liabilities including, without limitation, liabilities incurred either directly or indirectly, through the use of a credit card, a credit facility, a drawdown facility or a re-draw facility; and
 - (e) without limiting the terms of sub-paragraphs (a) to (d) above, withdrawing, transferring or otherwise disposing of or dealing with, any monies available in any account with any bank, building society or other financial institution (in Australia and elsewhere), in which the First Defendant has any legal or equitable interest.
3. The First Defendant is permitted to enter into the following transactions as validated by Deloitte in accordance with paragraph (a) of the Undertaking above (**Permitted Transactions**):
 - (a) paying or otherwise incurring a liability for legal costs or disbursements reasonably incurred in these proceedings and any criminal proceedings arising from the Plaintiff's investigation into the affairs of the First Defendant (save that any bank, building society or



financial institution may exercise any right of setoff which it may have in respect of a facility afforded by the First Defendant prior to the date of these orders without the need for verification by Deloitte);

- (b) all trustee fees and other amounts payable by the First Defendant from the Property in its capacity as responsible entity and trustee, but only to the extent that, in the opinion of Deloitte, the payment is in the best interests of Shield Master Fund unit holders and underlying investors, including, without limitation, in respect of the following matters:
 - (i) valuer and auditor fees;
 - (ii) legal and professional fees and costs including in respect of the Plaintiff's investigation, the Governance Review Plan and these orders;
 - (iii) investment management fees to CF Capital (including for payment to CF Capital employees);
 - (iv) any applicable insurance premiums, taxes, AFSL fees, ASIC fees and any other regulatory fees or charges;
 - (v) office rent and associated utilities and any other day to day costs of the Shield Master Fund or Advantage Diversified Property Fund; and
 - (vi) third party service providers in connection with the ongoing operation of the Keystone Funds.
- (c) Advantage Diversified Property Fund draw downs under loans for construction, mortgage and senior finance payments, development management fees and other project related costs and expenses, but only to the extent that, in the opinion of Deloitte, the draw down is in the best interests of Shield Master Fund unit holders and underlying investors, for the following projects:
 - (i) 21-23 Norwood Crescent, Moonee Ponds VIC (Norwood Ponds (Land) Pty Ltd (ACN 617 075 411));



- (ii) 33 & 35 Nicholson Street, Bentleigh 3204 VIC (Nicholson Street Bentleigh Pty Ltd (ACN 623 115 926));
 - (iii) 348-350 Warrigal Road, Ashburton 3147 VIC (Warrigal Road Ashburton Pty Ltd (ACN 621 641 165));
 - (iv) 141-145 Augustine Terrace, Glenroy 3046 VIC (Augustine Terrace Glenroy Pty Ltd (ACN 626 000 477));
 - (v) 33 Davidson Street, Port Douglas 4877 QLD (33 Davidson Street Pty Ltd (ACN 615 764 568));
 - (vi) 417 Bellmere Road, Bellmere QLD 4510 (417 Bellmere Road Pty Ltd (ACN 667 543 651));
 - (vii) the Fairmont Port Douglas project, located at 71 to 85 Port Douglas Road, Port Douglas QLD 4877;
 - (viii) the Ritz Carlton Numuka Bay, Fiji project, located at TLTB Ref: No: 4/11/39403, TLTB Ref: No: 4/11/50037898, TLTB Ref: No: 4/11/41543 (Fiji); and
 - (ix) 'La Sessola' JW Marriott, Venice; and payment to CF Capital employees);
- (d) redemptions from Shield Master Fund to the extent otherwise permitted by law.
4. Deloitte shall be entitled to reasonable remuneration and reasonable costs and expenses properly incurred in the performance of their duties pursuant to these orders as may be fixed by the Court on the application of Deloitte, such sum to be calculated on the basis of the time reasonably spent by Deloitte, their partners and staff, at the rates specified in the Consent to Act at **Annexure B** to these orders, such fees to be paid out of the Property.
5. Deloitte shall be entitled to be indemnified out of the Property for any liability properly incurred in performing its duties and discharging its functions pursuant to these Orders.



6. The First Defendant will provide to the Plaintiff by 23 July 2024 a report prepared by Jason Tracy and Lucica Palaghia of Deloitte on the financial position of the Shield Master Fund and the Advantage Diversified Property Fund.
7. Orders 8-10 of the orders of O'Callaghan J made on 18 June 2024 cease to have effect forthwith.
8. The further hearing of the Originating Process be adjourned until not before 6 August 2024.
9. Costs reserved.
10. Each party, Deloitte and any other person who is affected by these Orders to have liberty to apply in relation to any matter arising in connection with these Orders upon giving reasonable notice to the parties and Deloitte.

Date orders authenticated: 26 June 2024


Registrar

Note: Entry of orders is dealt with in Rule 39.32 of the *Federal Court Rules 2011*.



ANNEXURE A



No VID 536 of 2024

Federal Court of Australia
District Registry: Victoria
Division: General

Australian Securities and Exchange Commission

Plaintiff

Keystone Asset Management Ltd (ACN 612 443 008) and another

Defendants

Undertaking

We, Jason Mark Tracy, of Deloitte Financial Advisory Pty Ltd, Quay Quarter Tower, 50 Bridge Street, Sydney NSW 2000 and Lucica Palaghia of Deloitte Financial Advisory Pty Ltd, 477 Collins St, Melbourne, Victoria, undertake to the Court that we will, until further order of the Court:

- (a) verify whether any payments and other transactions proposed to be entered into by the First Defendant constitute Permitted Transactions (as defined in the orders of the Court made in Proceeding VID 536 of 2024 on 26 June 2024 (**Orders**)) by way of the following process:
 - (i) Simon Milne of CF Capital Investments Pty Ltd (CF Capital) to issue proposed payment approvals (**PPAs**) to Deloitte in respect of all proposed transactions;
 - (ii) Deloitte to issue a response to the PPAs either verifying those purchase orders as Permitted Transactions or rejecting those PPAs;
- (b) provide a weekly report to the Plaintiff each Friday listing all Permitted Transactions entered into by the First Defendant during that week and identifying any rejected transactions;
- (c) prepare the report on the financial position of the Shield Master Fund and the Advantage Diversified Property Fund referred to in the Orders; and
- (d) notify the Plaintiff forthwith if Deloitte becomes aware of any non-compliance with the Orders.

68894679_2



DATE:

A handwritten signature in black ink, appearing to read "Jason Mark Tracy", is written over a horizontal dotted line.

Signed by:

Jason Mark Tracy

A handwritten signature in black ink, appearing to read "Lucica Palaghia", is written over a horizontal dotted line.

Signed by:

Lucica Palaghia



ANNEXURE B



CORPORATIONS ACT 2001

CONSENT TO ACT PERFORMING THE FUNCTIONS DETERMINED BY THE ORDER OF THE COURT

To: Keystone Asset Management Limited in its capacity as Responsible Entity of the Shield Master Fund (ARSN 650 112 057) and as trustee of the Advantage Diversified Property Fund
and as trustee for the Quantum PE Fund

We, Jason Mark Tracy, of Deloitte Financial Advisory Pty Ltd, Quay Quarter Tower, 50 Bridge Street, Sydney NSW 2000, and Lucica Palaghia of Deloitte Financial Advisory Pty Ltd, 477 Collins St, Melbourne, Victoria hereby consent to act to perform the functions determined by the order of the Court in Federal Court of Australia proceeding number VID 536 of 2024.

We are not aware of any conflict of interest or duty that would make it improper for us to act pursuant to the order of the Court.

The hourly rates to be charged in respect of our work by us and our staff who may perform work are set out in in Schedule A which is attached to this Consent. We acknowledge that our appointment by the Court does not constitute an express or implied approval by the Court of these hourly rates.

DATED this 26th day of June 2024.

A handwritten signature in black ink, appearing to read "J. Mark Tracy", written over a dotted line.

JASON MARK TRACY

A handwritten signature in black ink, appearing to read "Lucica Palaghia", written over a dotted line.

LUCICA PALAGHIA



SCHEDULE A | Schedule of Hourly Rates

Position	Hourly rate \$ (excluding GST)
Partner	890
Director	780
Associate Director	675
Manager	580
Senior Analyst	500
Analyst	460
Graduate	350

~TK VA_DOCSVA-A-006



Schedule

No: VID536/2024

Federal Court of Australia

District Registry: Victoria

Division: General

Second Defendant PAUL ANTHONY CHIDO

Appendix K – Copy of the 22 July Consent Orders



Federal Court of Australia

District Registry: Victoria Registry

Division: General

No: VID536/2024

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Plaintiff

KEYSTONE ASSET MANAGEMENT LTD (ACN 612 443 008) and another named in
the schedule

Defendants

ORDER

JUDGE: Justice Moshinsky

DATE OF ORDER: 22 July 2024

WHERE MADE: Melbourne

THE COURT ORDERS BY CONSENT THAT:

1. The date in paragraph 6 of the orders dated 26 June 2024 (*for the first defendant to provide to the plaintiff a report prepared by Jason Tracy and Lucica Palaghia of Deloitte on the financial position of the Shield Master Fund and the Advantage Diversified Property Fund*) be extended to 26 July 2024.
2. Costs be reserved.

Date orders authenticated: 22 July 2024


Registrar

Note: Entry of orders is dealt with in Rule 39.32 of the *Federal Court Rules 2011*.



Schedule

No: VID536/2024

Federal Court of Australia

District Registry: Victoria Registry

Division: General

Second Defendant

PAUL ANTHONY CHIDO

Appendix L – Affidavit of Jason Tracy dated 24 June 2024

NOTICE OF FILING

Details of Filing

Document Lodged:	Affidavit - Form 59 - Rule 29.02(1)
Court of Filing	FEDERAL COURT OF AUSTRALIA (FCA)
Date of Lodgment:	24/06/2024 7:40:58 PM AEST
Date Accepted for Filing:	24/06/2024 7:41:03 PM AEST
File Number:	VID536/2024
File Title:	AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION v KEYSTONE ASSET MANAGEMENT LTD ACN 612 443 008 & ANOR
Registry:	VICTORIA REGISTRY - FEDERAL COURT OF AUSTRALIA



Sia Lagos

Registrar

Important Information

This Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

The date of the filing of the document is determined pursuant to the Court's Rules.



Form 59
Rule 29.02(1)

Affidavit

No VID 536 of 2024

Federal Court of Australia
District Registry: Victoria
Division: General

Australian Securities and Investments Commission

Applicant

Keystone Asset Management (ACN 612 443 008) and another
Respondents

Affidavit of: **Jason Mark Tracy**
Address: Quay Quarter Tower, 50 Bridge St, Sydney New South Wales
Occupation: Registered Liquidator
Date: 24/06/2024

Contents

Document number	Details	Paragraph of affidavit	Page
1	Affidavit of Jason Mark Tracy affirmed on 24 June 2024	—	
2	Annexure JMT-1, being a bundle of documents referred to in the affidavit	[5]	12-14

Signed:

Taken by:

Filed on behalf of Keystone Asset Management ACN 612 443 008, the First Defendant

Prepared by Samantha Jane Kinsey
Law firm **KING & WOOD MALLESONS**
Tel +61 3 9643 4155
Email samantha.kinsey@au.kwm.com

Fax +61 2 9296 3999

Address for service

Level 27 Collins Arch, 447 Collins Street Melbourne VIC 3000
Ref: 603-0091705

I, Jason Mark Tracy, of Quay Quarter Tower, 50 Bridge St, Sydney New South Wales,
Registered Liquidator, affirm:

- 1 I am registered liquidator and Partner of Deloitte Financial Advisory Pty Ltd (**Deloitte**). I am also a Chartered Accountant, having been admitted as a member of Chartered Accountants Australia and New Zealand. I am authorised to make this affidavit on behalf of the First Defendant, Keystone Asset Management Ltd (**Keystone**), noting the qualification to this authorisation in paragraph 4 below.
- 2 Unless otherwise stated, this affidavit is based on my own knowledge. Where I have relied upon information and belief, I have set out the sources of my information and belief, and I believe this information to be true.
- 3 I make this affidavit in support of Keystone's proposed orders annexed to its submissions filed on or about the same day as this affidavit (**Keystone Orders**).
- 4 In this affidavit, I refer to communications and documents which are the subject of a claim of legal professional privilege by Keystone. In referring to those documents, I do so for the limited purpose of substantiating facts that may be relevant to some matters set out in Keystone's Orders and for no other purpose. By making this affidavit, I do not intend to, am not authorised to, and do not, waive privilege or confidentiality in any such communication or document to which I refer that is the subject of privilege. Nothing in this affidavit should be construed as involving a waiver of privilege. To the extent that anything may be construed as involving a waiver of privilege, I am instructed by Keystone to and do withdraw that part of this affidavit and do not rely on it.
- 5 Produced and shown to me at the time of affirming this affidavit is a bundle of documents which I refer to in this affidavit marked "JMT-1" (**Annexure JMT-1**). A reference to a Tab of JMT-1 in this affidavit is a reference to a tab in Annexure JMT-1 unless otherwise stated.

My background

- 6 I have been a Partner of Deloitte since 1 July 2013 and I have in excess of twenty years' experience in leading and managing the external administration of corporate entities and in the assessment of entities on behalf of financial institutions, other debt providers, equity sponsors and regulators. I also have recent experience in providing expert evidence in matters concerning the financial performance and position of corporate and other entities, the sources and uses of funds as well as insolvency-related matters.

Signed:



Taken by:



- 7 I have a significant level of recent experience in development and construction related matters and have acted as Voluntary Administrator of the Probuild Group, Clough Engineering Group and Lloyd Group, and Receiver of the Ralan Group (**the Appointments**). In the course of the Appointments, I and my fellow appointees were able to preserve value in these business by maintaining ongoing trading, development and construction activity, which and consequently achieved better outcomes for creditors than if we had ceased any such activity shortly after the commencement of our Appointments.
- 8 Additionally, though a division of Deloitte called “Deloitte PDS”, I have access to deep industry expertise. The Deloitte PDS Group specialises in end-to-end project management, development management and project advisory services in the construction and public infrastructure industry. This division has been very useful in helping me understand matters like the cost to complete on projects and the delivery of development and construction projects so as to achieve better outcomes.
- 9 In my experience, insolvency and / or court appointments (such as of a receiver or provisional liquidator), whilst designed to preserve the status quo, can be value destructive to development and construction related businesses. This is due to the nature of the sector and the heavy reliance on third party subcontractors who, in my experience arising out of the Appointments, become anxious about the appointment of a receiver or provisional liquidator and commonly seek to exit the project sites and / or seek alternative payment arrangements.
- 10 A copy of my curriculum vitae is at Annexure JMT-1 marked as Tab-1.

Engagement by King & Wood Mallesons

- 11 On 8 February 2024, Deloitte was engaged by King & Wood Mallesons (**KWM**) to provide an independent review of the related party arrangements entered into by Keystone as trustee for the Shield Master Fund. Shortly after, the scope of Deloitte’s engagement was expanded to include a full sources and uses analysis of the funds under management in the Shield Master Fund. I was informed by KWM at the time of being engaged that this engagement is subject to Keystone’s legal professional privilege.
- 12 Pursuant to the agreed engagement scope, my team and I set out to undertake the following work:

Phase 1: Review of related party arrangements

Signed:



Taken by:



3

- *Understand the current and proposed arrangements between Keystone and related parties , including:*
 - *Entity, legal and security structures*
 - *Assets held by entity and value of those assets*
 - *Key financing and other contractual agreements, including value of loans and amounts outstanding*
 - *Management agreements*
 - *Value of investor funds and forecast redemption cycles*
 - *Review of public disclosure documents*
- *Review and comment on the key terms of the related party arrangements, and the extent to which they reflected at least arm's length terms. To the extent that those arrangements do not reflect arm's length terms, providing recommendations in respect of amendments to the arrangements to ensure (to the extent possible) that they could be properly characterized as arrangements on arm's length terms.*

Shield Master Fund | Verification of Sources and Uses of Funds Under Management

Verifying the sources and uses of Shield funds under management by:

- i. *Agreeing the funds invested in Shield to Boardroom registry records and bank statements*
- ii. *Where funds have been invested by Shield into ADPF:*
 - a) *Agreeing the amount invested by Shield to ADPF unit registers and verifying payment to bank statements*
 - b) *For each of the loans advanced by ADPF to development SPVs, understanding the purpose of each drawdown request by agreeing loan drawdowns to:*
 - *The loan draw down notice*
 - *Supporting documentation for each development cost included in the drawdown notice (such as development cost invoices, land acquisition and other contracts, construction claims)*

Signed:



Taken by:



- *Agreeing payment of the drawdown amount by ADPF to the ADPF bank statements*
 - *For each drawdown amount received by the Developer from ADPF, agreeing payment of the development cost from the Developer's bank statement to third parties.*
- iii. *Agreeing Shield's investment into the SPW Global Growth Fund, Archangle Ventures 2022, Fiducial SMA Funds and Direct Listed investments to third party statements*
- iv. *For all other Shield fund outflows: agreeing outflows to supporting documentation (such as invoices, investment management agreements) and verifying payment of the outflows to bank statements*
- 13 Between 8 February 2024 and 10 May 2024, I and my team at Deloitte have spent 1,392.30 hours in total undertaking the scope of works. This work has included:
- (a) Undertaking procedures to verify the sources and uses of Shield's funds under management as set out in paragraph 12 above at (i), (ii)(a), (iii) and (iv);
 - (i) obtaining the Shield bank statements from 11 April 2022 to 19 February 2024;
 - (ii) agreeing Shield bank balances per bank statements as at 19 February 2024 to the Shield general ledger;
 - (iii) agreeing funds invested in Shield by unit class to the general ledger, Boardroom unit register as at 19 February 2024 and the Shield bank statements;
 - (iv) agreeing the amount invested by Shield to Quantum to Boardroom unit registers and verify payment to the bank statements;
 - (v) agreeing the amount invested by Shield to ADPF Unit registers and verify payment to bank statements;
 - (vi) agreeing Shield's other investments to unit holding statements and bank statements;
 - (b) undertaking procedures to verify the sources and uses of Quantum PE funds under management as set out in paragraph 12 above at (i) and (iii);

Signed:



Taken by:



- (i) agreeing the amount invested by Shield to Quantum to Boardroom unit registers and verify payment to bank statements;
- (ii) agreeing Quantum's investment in Tickled Pink International Co Ltd to supporting documentation and bank statements;
- (iii) agreeing Quantum's investment in New Quantum Holdings Pty Ltd to supporting documentation and bank statements;
- (c) undertaking procedures to verify the sources and uses of the Advantage Diversified Property Fund (**ADPF**) funds under management:
 - (i) as set out in paragraph 12 above at (ii) above; and
 - (ii) Agreeing the ADPF bank balance per the bank statement, as at 19 February 2024, to ADPF General Ledger;
 - (iii) For loan amounts advanced by ADPF to the SPVs, agreeing loan drawdowns per loan statements to ADPF bank statements;
 - (iv) For each loan drawdown request, to agree the loan drawdown amount to:
 - (A) a loan drawdown request between Chiodo Corporation (issued by former Keystone Director Paul Chiodo), and former Keystone Director Ilya Frolov;
 - (B) independent third-party supporting documentation; and
 - (C) payment by Chiodo Corporation agreeing to the supporting documentation;
 - (v) based on the description in the supporting documentation, determine if the amount has been accurately included in the respective ADPF loan to the development SPVs, and:
 - (A) if the ADPF loan has been accurately allocated to the respective SPV loan, categorise the amount based on the nature of the payment (e.g. development cost, construction cost, land, marketing etc); or
 - (B) if the ADPF loan has been inaccurately allocated to the respective SPV loan, reallocate to the correct SPV loan. If it is determined that the ADPF loan does not relate to any SPV, then reallocate to 'Other' category and assess further;

Signed:



Taken by:



- (d) undertaking procedures in relation to the related party arrangements, however these procedures remain incomplete as at the date of this affidavit.

- 14 As at the date of this affidavit, I and my team have completed verification of the sources and uses of 91.6% of the ADPF funds under management. We have substantially completed our verification of the sources and uses of the SMF and Quantum PE funds under management.
- 15 In undertaking these works, I and my team have engaged with Mr Paul Chiodo, Mr Ilya Frolov and Mr Mark Yorston in order to seek guidance regarding how funds were applied and to obtain supporting documentation. Every time I have ever met with Mr Chiodo, Mr Frolov and / or Mr Yorston, there has always been at least one lawyer from KWM present. I am informed by Ms Angela Farbridge-Currie, a member of my team, and believe that every time she ever met with Mr Chiodo, Mr Frolov and / or Mr Yorston, there was always at least one lawyer from KWM present. I also met Mr Louie Kortesis and Mr Simon Milne a few times, again with lawyers from KWM present.
- 16 As a consequence of undertaking the scope of works set out at paragraphs 12 and 13, I have together with my staff:
- (a) a thorough working understanding and knowledge of the operation of the SMF and the ADPF;
 - (b) a thorough understanding and knowledge of the financial position of the SMF and the ADPF;
 - (c) a thorough understanding of the nature and status of the various projects funded by ADPF loans;
 - (d) a thorough understanding of most of the key contracts and commercial arrangements in relation the SMF and the ADPF; and
 - (e) a thorough understanding of the use of funds drawn down under the ADPF loans.
- 17 In my experience, after carrying out the above scope of work, and in light of my experience generally as a Registered Liquidator and a Chartered Accountant as well as through my work on the Appointments, I consider that it would take a receiver appointed by the Court at least 4 weeks to obtain even the most basic understanding of the operations of SMF, ADPF, Quantum PE funds and their respective investments.

Engagement by Keystone

Signed:



Taken by:



- 18 Separately to my engagement by KWM as set out above, I was also engaged by Keystone directly to assist it with an independent review and verification of ADPF loan advances to confirm that each loan advance related to project related expenditure.
- 19 As part of that engagement, I have for the loan draw down requests dated 1 March 2024 and 6 March 2024:
- (a) verified the loan draw down amount to third party invoices;
 - (b) confirmed that the third party invoice related to project to related expenditure;
 - (c) for construction invoices, independently verified with the Construction Manager amounts owing per each invoice and the project to which they related; and
 - (d) notified Keystone of the invoices I was unable to verify to a particular project and the Construction Manager's margin that I was unable to verify to an agreement.
- 20 I did not perform this verification function after the loan drawn down request dated 6 March 2024.

Consent to Keystone Orders and no conflict

- 21 I have reviewed an advanced draft of the Keystone Orders.
- 22 If this Court makes the Keystone Orders, I consent to performing the functions allocated to Deloitte in the Orders. I am informed by my partner, Lucica Palaghia, and I believe that she also consents to perform those functions.
- 23 I note that proposed [order 1(f)(iii)] of the Keystone Orders would require me and Ms Palaghia to form an opinion as to whether each requested ADPF draw down for a particular project was in the best interests of members. In forming this opinion, I would give consideration to the following matters:
- (a) the quantum of the draw down request;
 - (b) the proposed works or costs to be funded by the draw down request;
 - (c) the stage of the project to which the draw down relates;
 - (d) whether the works or costs which are the subject of the draw down request can be deferred or avoided;

Signed:



Taken by:



- (e) the consequences of refusing the draw down request for the relevant project;
- (f) the overall financial position of the relevant project; and
- (g) whether the completion of the works or the incurring of the costs which are the subject of the draw down request will preserve or enhance the value of the relevant project.

- 24 In my opinion, only me and my team at Deloitte are currently in a position to perform the steps referred to in [order 1(f)(iii)] of the Keystone Orders. For an outside person, such as a Court-appointed receiver, to familiarise themselves sufficiently with the financial and other affairs of Keystone would take many weeks, if not months.
- 25 I consider that the work I have previously undertaken, with the assistance of my partners and staff, would not cause me or Deloitte any conflict that would prevent me or my partners and staff from performing the functions allocated to Deloitte in the Keystone Orders.
- 26 Neither of the engagements I have referred to in this affidavit is complete. The nature of the work I have undertaken to date is factual and I have not expressed an opinion in respect to any matters.

Deloitte remuneration and costs

- 27 Deloitte's schedule of hourly rates and charges which would apply in respect of any work performed by Deloitte pursuant to the Keystone Orders is at Annexure JMT-1 marked as Tab-2.

Signed:



Taken by:



Signature of deponent

Signature of witness

An Australian legal practitioner
within the meaning of the legal
professional uniform law (vic).

The requirements for witnessing by audio-visual link under section 12 of the *Electronic Transactions Act 2000* have been met.

447 Collier St Melbourne
VIC 3000.

This affidavit:

- (a) was signed and affirmed by the deponent by audio visual link; and
- (b) the authorised affidavit taker has used a scanned or electronic copy of the affidavit and not the original in completing the jurat requirements under section 27(1) of the *Oaths and Affirmations Act 2018*.

Signed:

Taken by:

Federal Court of Australia
 District Registry: Victoria
 Division: General

Australian Securities and Investments Commission

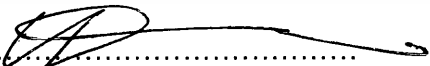
Applicant

Keystone Asset Management (ACN 612 443 008) and another

Respondents

ANNEXURE "JMT-1"

This is the annexure marked "JMT-1" referred to in the affidavit of **JASON MARK TRACY** affirmed on 24 June 2024.

Before me: 
*An Australian legal practitioner
 within the meaning of the legal
 profession uniform law (Vic).
 447 Collins St, Melbourne VIC
 3000*

Filed on behalf of Keystone Asset Management ACN 612 443 008, the First Defendant

Prepared by Samantha Jane Kinsey
 Law firm **KING & WOOD MALLESONS**
 Tel +61 3 9643 4155
 Email samantha.kinsey@au.kwm.com

Fax +61 2 9296 3999

Address for service

Level 27 Collins Arch, 447 Collins Street Melbourne VIC 3000
 Ref: 603-0091705

Curriculum vitae

Jason Tracy
Partner

Tel: + 61 2 9322 3858

Mobile: + 61 414 282 002

Email: jtracy@deloitte.com.au

Location: Sydney

Profile

Jason leads Deloitte's Turnaround and Restructuring team in NSW. Jason has over 20 years of experience providing financial reviews and restructuring advice to boards, management, high net worth individuals and the public sector.

He generally works in situations where performance and capital are at risk. Sometimes the capital is merely underperforming, other times it is facing serious crisis. He regularly acts for lenders and borrowers and has been appointed as a court appointed receiver and liquidator. He also regularly acts in non-court led restructurings and winding ups, including as voluntary administrator, receiver, deed administrator, creditors voluntary liquidator and agent for mortgagee in possession.

His experience spans sectors including financial services and lending, construction and property, mining, retail and consumer business, manufacturing, technology and health and includes the provision of expert advice to courts and regulatory agencies.

Academic qualifications and professional accreditations

- Registered Liquidator
- Fellow, Financial Services Institute of Australasia
- Member, Turnaround Management Association
- Member, Chartered Accountants Australia and New Zealand
- Member, Australian Restructuring Insolvency and Turnaround Association
- Graduate Diploma in Applied Finance and Investment
- Bachelor of Business, University of Technology Sydney

Selected recent engagements and experience

Regulatory and Court

- Expert evidence – JMP Builders Pty Ltd and Natuso Investments Pty Ltd v Franca Tassone (2021/61770)
- Expert evidence – Rogulj Enterprises Pty Ltd (In Liquidation) (NSD966/2021)
- Expert evidence – ASIC investigations into representations made by Mr James Mawhinney and M101 Nominees Pty Ltd regarding the M Core Fixed Income Notes

- Expert evidence – ASIC v M101 Nominees Pty Ltd & Others (VID524/2020) and ASIC v Mayfair Wealth Partners Pty Ltd & Others (VID228/2020)
- Independent Manager for the ACCC in relation to the required divestment of a business by an ASX listed corporate
- Expert evidence – ASIC v Linchpin Capital Group Ltd [2018] FCA 1104
- Expert investigative Accountant Reports, including solvency reports
- Significant investigations – Breaches of Foreign Corrupt Practices Act (US) by Siemens for Securities and Exchange Commission, US
- Special advisor to the commissioner – HIH Royal Commission

Formal insolvency experience (Voluntary Administrator, Deed Administrator, Trustee, Liquidator, Receiver and Receiver and Manager)

- Austral Resources Group (ASX listed copper miner)
- LayBuy Group (Buy now, pay later business)
- Optima Technology Group (ASX listed technology business)
- Clough Group (\$2bn turnover, contracting sector)
- Probuild and WBHO Group (\$2bn turnover, construction sector)
- Ralan Group (\$1bn of projects, Property development and construction)
- Collette by Collette Hayman (140 store Retail group)
- Tasman Civil (Construction and contracting)
- Direct FX Limited (Financial Services/FX Brokerage)
- Rapid Securities Limited (Managed Investment Scheme, Financial Services and lending)
- Linchpin Capital Group Limited (Managed Investment Scheme, Financial Services and lending)
- Cadwell Construction and Interiors Pty Limited (Construction)
- Quickflix Limited (Media/Technology)
- India Resources Limited (Mining)
- Moko Social Media Limited (Technology)
- Freelifelife Homes (Construction)
- Phoenix Shutdown Services (Mining Services)
- Power Serve (Mining Services)
- Aegis (PPP Prison/infrastructure)
- Rubicon Group (\$1bn real estate investment trusts)

Debt Syndicate lender and board advisory experience

- Financial Advisor to Board of Rugby Australia on various matters
- Contingency planning advice – Constructor
- Contingency planning advice – Home builder
- Contingency planning advice - Retailer
- Financial Advisor to Snowy Hydro for the Kurri Kurri Power Station project
- Financial Advisor to Snowy Hydro for Project 2.0
- Safe Harbour and Restructuring Advisor to an ASX listed miner
- Advisor to Syndicate of home building materials supplier and manufacturer
- Advisor to Board of Atlas during its debt for equity recapitalisation
- Advisor to Syndicate on equity sponsored manufacturing business
- Advisor to lender to a \$1B Real Estate Investment Trust
- Advisor to Syndicate of Orionstone (in its roll up to Emeco Limited)
- Advisor to Syndicate on equity sponsored software business

Secondments

- Australia and New Zealand Banking Group Limited
- Australian Securities & Investments Commission

Deloitte schedule of hourly rates and charges
June 2024

Position	Hourly rate \$ (excluding GST)
Partner	890
Director	780
Associate Director	675
Manager	580
Senior Analyst	500
Analyst	460
Graduate	350

Appendix M – Copy of the 27 August Orders



Federal Court of Australia

District Registry: Victoria Registry

Division: General

No: VID536/2024

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Plaintiff

KEYSTONE ASSET MANAGEMENT LTD (ACN 612 443 008) and another named in
the schedule

Defendants

ORDER

JUDGE: Justice Moshinsky

DATE OF ORDER: 27 August 2024

WHERE MADE: Melbourne

THE COURT NOTES THAT:

In these orders:

“**ADPF**” means the Advantage Diversified Property Fund;

“**Corporations Act**” means the *Corporations Act 2001* (Cth) (**Corporations Act**);

“**Investor Funds**” means monies provided to the First Defendant in its capacity as responsible entity of the SMF;

“**Property**” means all real or personal property, assets or interests in property of any kind, within or outside Australia including choses in action and, by virtue of s 1323(2A) of the Corporations Act, any property held otherwise than as sole beneficial owner;

“**Relevant Capacities**”, in relation to the First Defendant, means its capacity as responsible entity of the SMF, its capacity as trustee for the ADPF, and its capacity as trustee for the Quantum PE Fund; and

“**SMF**” means the Shield Master Fund (ARSN 650 112 057).



THE COURT ORDERS THAT:

Leave to amend

1. Pursuant to r 8.21 of the *Federal Court Rules 2011*, the Plaintiff has leave to file an amended originating process in the form of the proposed amended originating process annexed to the affidavit of Rebecca Jaffe dated 22 August 2024 (**Amended Originating Process**). The Amended Originating Process is to be filed and served as soon as practicable.
2. The Amended Originating Process be returnable *instanter*.

Adjournment application

3. The First Defendant's application for an adjournment be dismissed.

Appointment of receivers

4. Until further order, pursuant to s 1323(1)(h) of the Corporations Act, Jason Tracy and Lucica Palaghia of Deloitte Financial Advisory Pty Ltd be appointed as joint and several receivers and managers (**Receivers**), without security, of the Property of the First Defendant, for the purposes of:
 - a. identifying, collecting and securing the Property of the First Defendant held in any of its Relevant Capacities;
 - b. ascertaining the amount of the Investor Funds received by the First Defendant;
 - c. identifying any dealings with, payments of, distributions of or uses made of the Investor Funds by the First Defendant;
 - d. identifying any Property purchased or acquired, directly or indirectly, with Investor Funds; and
 - e. recovering Investor Funds.
5. For the purpose of attaining the objectives for which the Receivers are appointed, the Receivers have the following powers:
 - a. the powers set out in s 420(1) and (2)(a), (b), (e), (f), (g), (h), (j), (k), (n), (p), (q), (r), (t) and (u) of the Corporations Act; and
 - b. the power to apply to the Court for directions or further orders.
6. The powers in paragraph 5 above shall not extend to the sale of any Property of the First Defendant without prior leave of the Court.
7. The Receivers shall within 28 days of the date of this order provide to the Court and the parties a report as to the receivership of the Property of the First Defendant, including:
 - a. a report in relation to the matters referred to in paragraphs 4(a) to (e) above;
 - b. an opinion as to the solvency of the First Defendant;



- c. an opinion as to the likely return to creditors and investors in the event that each of the First Defendant and the SMF were to be wound up; and
 - d. any other information necessary to enable the financial position of the First Defendant, the SMF and the ADPF to be assessed.
- 8. In addition to the powers conferred on them by paragraph 5 above, the Receivers have the power to investigate and report on the matters set out in paragraph 7 above.
- 9. The Receivers shall be entitled to reasonable remuneration and reasonable costs and expenses properly incurred in the performance of their duties pursuant to these orders as may be fixed by the Court on the application of the Receivers, such sum to be calculated on the basis of the time reasonably spent by the Receivers, at the rates specified in the Consent to Act at Annexure A to these orders, such fees to be paid out of the Property of the First Defendant.
- 10. The Receivers shall be entitled to be indemnified out of the Property of the First Defendant for any liability properly incurred in performing their duties and discharging their functions pursuant to these orders.

Books and records

- 11. The First Defendant shall immediately make available to the Receivers all books and records (including all files, computer records and data in its possession, custody or control) which relate to the Property of the First Defendant.
- 12. The Plaintiff shall, on the reasonable request of the Receivers, make available to the Receivers all documents and books concerning the First Defendant which have been obtained by the Plaintiff under Division 3 of Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth).

Notice of orders to third parties

- 13. To the extent necessary, the Plaintiff has leave to give to:
 - a. the relevant authorities (domestic and overseas) that record, control and/or regulate the ownership of real property;
 - b. the relevant authorities and entities (domestic and overseas) that record, control and/or regulate the ownership of securities;
 - c. any bank, building society or other financial institution (domestic and overseas) with which, to the best of the Plaintiff's knowledge, the First Defendant operates any account;
 - d. any other person or entity (domestic and overseas), holding or controlling property which, to the best of the Plaintiff's knowledge and belief, belongs to the First Defendant or is part of the Property of the First Defendant;
 - e. the Australian Prudential Regulation Authority;
 - f. Macquarie Investment Management Ltd (ACN 002 867 003; AFSL 237492); and



g. Equity Trustees Superannuation Limited (ACN 055 641 757; AFSL 229757),

notice of the making of these orders, by delivering a copy of a minute of the orders to that entity or person and/or any person apparently in the employ of that entity or person.

General orders

14. Paragraphs 1 and 3 of the orders made on 26 June 2024 be vacated.
15. The First Defendant pay the Plaintiff's costs of and incidental to the Originating Process and Amended Originating Process.
16. Paragraphs 4 to 15 of these orders be stayed until 4.00 pm on 28 August 2024.
17. Paragraph 2 of the interlocutory process filed on behalf of Jason Tracy and Lucica Palaghia of Deloitte Financial Advisory Pty Ltd on 12 August 2024 be adjourned to a date to be fixed.
18. There be liberty to apply on 24 hours' notice.

Date orders authenticated: 27 August 2024


Registrar

Note: Entry of orders is dealt with in Rule 39.32 of the *Federal Court Rules 2011*.



"Annexure A"

CORPORATIONS ACT 2001

CONSENT TO ACT AS COURT APPOINTED RECEIVER

Keystone Asset Management Ltd in its own capacity and in its capacity as Responsible Entity of the Shield Master Fund (ARSN 650 112 057) and as trustee of the Advantage Diversified Property Fund and as trustee for the Quantum PE Fund

We, Jason Mark Tracy, of Deloitte Financial Advisory Pty Ltd, Quay Quarter Tower, 50 Bridge Street, Sydney NSW 2000 and Lucica Palaghia of Deloitte Financial Advisory Pty Ltd, 477 Collins St, Melbourne, Victoria, hereby consent to act to perform the functions of a court appointed receiver by an order of the Federal Court of Australia (**Court**).

We are not aware of any conflict of interest or duty that would make it improper for us to act as a court appointed receiver pursuant to an order of the Federal Court of Australia.

The hourly rates to be charged in respect of our work by us and our staff who may perform work are set out in in **Schedule A** which is attached to this Consent. We acknowledge that our appointment by order of the Federal Court of Australia does not constitute an express or implied approval by the Court of these hourly rates.

DATED this 23rd day of August 2024.

A handwritten signature in black ink, appearing to read "J. Tracy", written over a dotted line.

JASON MARK TRACY

A handwritten signature in black ink, appearing to read "Lucica Palaghia", written over a dotted line.

LUCICA PALAGHIA



SCHEDULE A | Schedule of Hourly Rates

Position	Hourly rate \$ (excluding GST)
Partner	840
Principal	740
Director	700
Associate Director	650
Manager	580
Senior Analyst	500
Analyst	410
Graduate	350



Schedule

No: VID536/2024

Federal Court of Australia

District Registry: Victoria Registry

Division: General

Second Defendant

PAUL ANTHONY CHIDO



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