

Circular to Creditors

20 September 2023

Dear Sir/Madam

ALT Financial Group Ltd (In Liquidation)
ACN 609 449 194 ('the Company')

Initial information for Creditors

According to the Company's records, you may be a creditor of the Company.

The purpose of this document is to provide you with information about the liquidation of the Company and your rights as a creditor.

Notification of Appointment

Craig Shepard and David Osborne were appointed Liquidators of the Company pursuant to an order made in the Supreme Court of Victoria on 23 August 2023.

Prior involvement/independence

Our Declaration of Independence, Relevant Relationships and Indemnities ('DIRRI') is attached at Appendix 1. The DIRRI assists you to understand the status of our independence and who appointed us as Liquidators.

Explanation of a court liquidation

A court liquidation is where an order to place a company into liquidation is made by the court. Usually this is on application of a creditor where the company has not paid its outstanding debt to that creditor. This means that the company is insolvent.

As Liquidators, we act for all creditors. We will now attend to our responsibilities, including:

- Locating the assets of the Company.
- Investigating the affairs of the Company.
- Reporting the outcome of the investigations to the Australian Securities and Investments Commission ('ASIC').
- Distributing funds, if any are available, to creditors.

What are your rights as a creditor?

Information regarding your rights as a creditor is provided in the information sheet 'Creditors Rights in Liquidations' issued by the Australian Restructuring Insolvency and Turnaround Association ('ARITA') and included at Appendix 2. This includes your right to:

- Make reasonable requests for a meeting.
- Make reasonable requests for information.
- Give directions to us.
- Appoint a reviewing liquidator.
- Replace us as liquidators.

What happens to your debt?

All creditors of the Company are now creditors in the liquidation. As a creditor, you have certain rights, although your debt will now be dealt with in the liquidation process.

The amount of money you receive, if any, depends on the amount of money recovered, including from finding and selling the Company's assets. After paying our fees, creditors share the remaining money. This amount is called a dividend.

A dividend can vary between creditors because the law entitles different types of creditors to be paid before other types of creditors.

If you are claiming title to any goods delivered to the Company pursuant to a contract or the Personal Property Securities Act or any lien over goods in your possession which are the property of the Company, details of your claim should be forwarded to our office urgently.

Do you have to do anything?

You should read this information. You can choose to participate in the liquidation process, including attending any meetings of creditors (if held) in person or by proxy, but you do not have to.

We have enclosed a Proof of Debt Form at Appendix 3 in respect of any money that may be owed to you and ask that you complete and return it to this office.

If we need you to take any other action, we will write and ask you.

If you do not think you are a creditor, please let our office know.

Ongoing trading

We note that the Company ceased to trade on 17 August 2023. We will not be restarting the operations. Any orders placed with you by the Company prior to our appointment which have not yet been completed, should not be completed.

We request that you close your accounts with the Company in respect of goods supplied and/or services rendered up to 23 August 2023. Any orders placed with you by the Company prior to our appointment which have not yet been completed, should not be completed.

We expressly advise that we have not adopted any contracts or liabilities of the Company in existence as at the date of appointment unless we have formally notified you in writing that we have adopted a specific contract or liability. Payment for use of any goods or services is not an adoption of a contract or liability.

Update on the liquidation

We requested a Report on Company Activities and Property ('ROCAP') from the director of the Company on 25 August 2023. The ROCAP will provide information on the assets and liabilities of the Company. We will report on the information included in the ROCAP in a report which we will provide to you within three months of our appointment.

Liquidator's remuneration and disbursements

Enclosed is our Initial Remuneration Notice. This document provides you with information about how we propose to be remunerated for undertaking the liquidation and how disbursements may be calculated and incurred.

Our remuneration is paid from the Company's funds, including realisations from assets, successful legal recoveries or from money paid to us by others, such as the Company's directors. If there is not enough money in the liquidation, we may not get paid for all the time we spend on the liquidation. If there is no money in the liquidation, we will not get paid at all. However, we will still attend to our statutory duties.

Approval of our remuneration for the work that we do in completing the liquidation and internal disbursements may be sought from the creditors or a Committee of Inspection, if one is appointed. If we do seek approval, detailed information will be provided before requesting approval so that the approving parties can understand what tasks we have undertaken and the costs of those tasks. It will also explain what the internal disbursements were for and how they were calculated. Approval may be sought at a meeting of creditors or by resolution by proposal without a meeting (i.e. all the information is sent to you and you send back your response).

Further communication with creditors

It is unlikely that we will hold a meeting of creditors unless we believe it is in the interests of creditors. However, if we receive a reasonable request for a meeting that complies with the guidelines set out the creditors' rights information sheet, we will hold a meeting of creditors.

Whether a meeting is held or not, we will write to you within three months of our appointment advising whether a dividend is likely and update you on the progress of our investigations.

We may write to you again after that with further information on the progress of the liquidation or proposals to approve certain matters in the liquidation.

Further information available to creditors

ARITA provides information to assist creditors with understanding liquidations and insolvency. This information is available from ARITA's website at www.arita.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at www.asic.gov.au/insolvencyinfosheets.

The privacy of your information

KordaMentha may collect personal information either from you, the Company or otherwise in connection with the amount owed to you by the Company. KordaMentha takes all reasonable steps to protect the personal information it holds about you from misuse and loss and from unauthorised access, modification or disclosure. From time to time, we may need to disclose personal information regarding you to a third party, such as a regulatory body. Except for certain disclosures required by the Act, such disclosures will be made on a confidential basis and, where possible, will require the third party to comply with appropriate privacy obligations.

If you would like to access or change the personal information KordaMentha holds about you, you can contact the contact person detailed in this letter at KordaMentha and request the relevant change or access. To action any change or access request, KordaMentha will need to verify your identity and comply with its other procedures which are in place to prevent unauthorised access to personal information. If you have a complaint in relation to the privacy of your information, please contact privacy@kordamentha.com. The privacy policy can be found on the KordaMentha website.

Contact information

If you have any queries, please contact Caleb Fidler of this office on (03) 9908 8972 or by email at caleb.fidler@kordamentha.com.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Craig Shepard', with a stylized flourish at the end.

Craig Shepard
Liquidator

Enc.

Appendix 1

Corporations Act 2001

Declaration of Independence, Relevant Relationships and Indemnities

ALT Financial Group Ltd (In Liquidation) ACN 609 449 194 ('the Company')

The purpose of this document is to assist creditors with understanding any relevant relationships that we, the Liquidators, have with parties who are closely connected to the Company and any indemnities or upfront payments that have been provided to us. None of the relationships disclosed in this document are such that our independence is affected.

This information is provided so you have trust and confidence in our independence and, if not, you can ask for further explanation or information and can act to remove and replace us if you wish.

This declaration is made in respect of us, Craig Shepard and David Osborne, our partners and the KordaMentha Group, including the entities disclosed on the Creditors page on the KordaMentha website: [DIRRI - listing of associated KordaMentha entities](#).

We are Professional Members of the Australian Restructuring Insolvency and Turnaround Association ('ARITA'). We acknowledge that we are bound by the ARITA Code of Professional Practice.

Independence

We have assessed our independence and we are not aware of any reasons that would prevent us from accepting this appointment.

There are no other known relevant relationships, including personal, business and professional relationships that should be disclosed beyond those we have disclosed in this document.

Circumstances of appointment

How we were referred this appointment

We were appointed Liquidators of the Company by the Court on the application of Professor Ian William Reeves CBE. We consented to act as liquidator on the request of Pinsent Masons. This consent does not affect our independence for the reason that the giving of a consent to act does not result in any duty owed to that creditor that would conflict with our interests or duties under the Corporations Act.

In addition to this referral, the solicitor has in the past two years referred five other clients to us or our firm for information or advice regarding insolvency or to take a formal appointment.

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

- KordaMentha undertakes work from time to time on behalf of the solicitor as do practitioners from other firms. This includes the appointment of KordaMentha's registered liquidators to companies as a formal appointment where the solicitor has asked us to consent to act.
- We have not identified any issues in relation to this relationship that would give rise to a conflict in undertaking the external liquidation of the Company. This relationship has not impeded our independence.
- Referrals from lawyers, accountants, business advisors and government agencies are commonplace and do not impact on our independence in carrying out our duties as Liquidators.

There is no expectation, agreement or understanding between us and Pinsent Masons regarding the conduct of the liquidation and we are free to act independently and in accordance with the law and applicable professional standards.

Did we meet with the Company, the directors or their advisers before we were appointed?

☐ Yes ☒ No

Declaration of relationships

Within the previous two years, we have considered whether we have or our firm has had a relationship with the following entities:

Entity	Nature of relationship	
The Company	☐ Yes	☒ No
The directors of the Company	☐ Yes	☒ No
Any associates of the Company	☐ Yes	☒ No
A former insolvency practitioner appointed to the Company	☐ Yes	☒ No
A secured creditor entitled to enforce a security over the whole or substantially the whole of the Company's property	☐ Yes	☒ No

We have also considered whether there are any other relationships that are relevant to creditors in assessing our independence and have not identified any other relationships to disclose.

Indemnities and upfront payments

Indemnities

We have not been indemnified in relation to this Court Liquidation, other than any indemnities that we may be entitled to under statute.

General

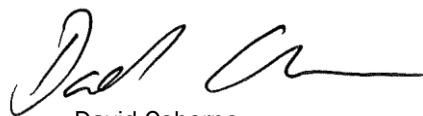
The assessment of independence has been made based on an evaluation of the significance of any threats to independence and in accordance with the requirements of the relevant legislation and professional standards.

As required under the Corporations Act 2001 and the ARITA Code of Professional Practice, if circumstances change, or new information is identified, we will update this declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors.

Dated: 20 September 2023



Craig Shepard
Liquidator

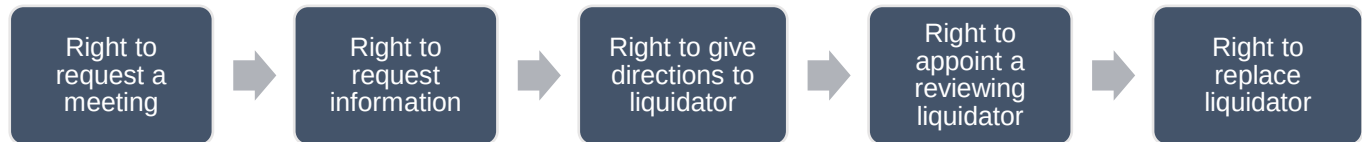


David Osborne
Liquidator

KordaMentha
GPO Box 2985
Melbourne VIC 3001

Creditor Rights in Liquidations

As a creditor, you have rights to request meetings and information or take certain actions:



Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by $\geq 5\%$ of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$ but $< 25\%$ of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$ of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

Additionally, creditors have the right to request information at any time. A liquidator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the liquidation, and the provision of the information would not cause the liquidator to breach their duties.

A liquidator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the liquidator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

Requests must be reasonable.

They are not reasonable if:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Specific queries about the liquidation should be directed to the liquidator's office.

Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

If a liquidator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons.

An individual creditor cannot provide a direction to a liquidator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

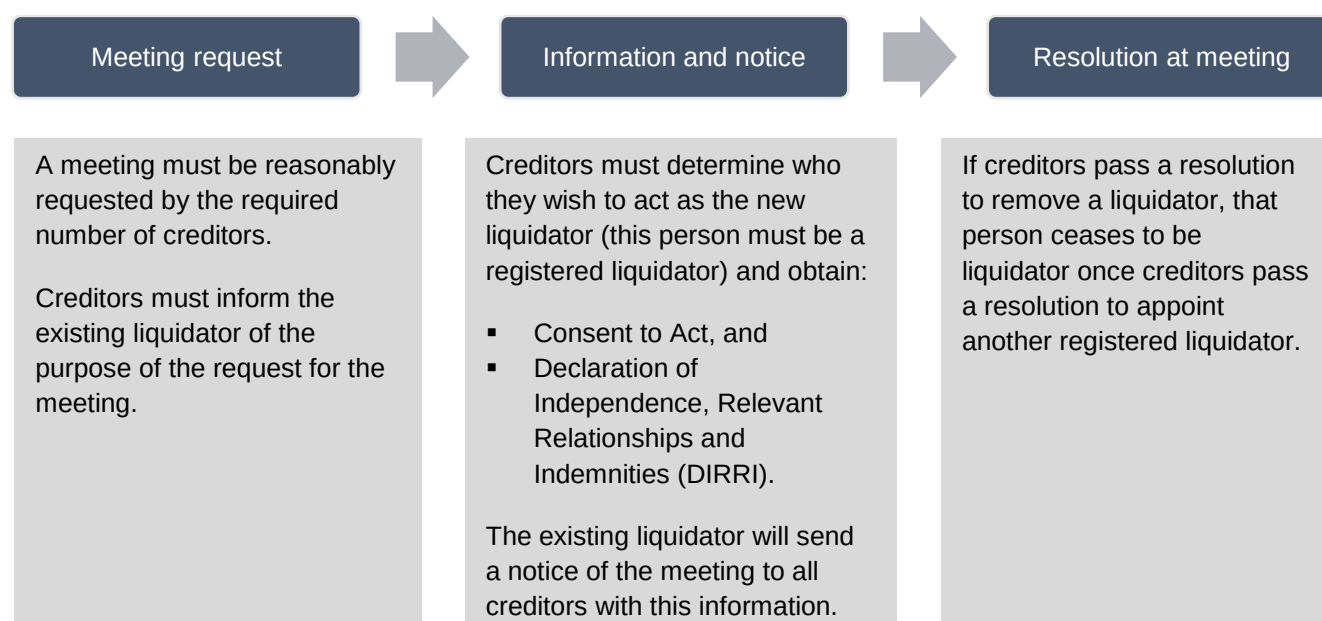
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the liquidator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator.

For this to happen, there are certain requirements that must be complied with:



**For more information, go to www.arita.com.au/creditors.
Specific queries about the liquidation should be directed to the liquidator's office.**

Appendix 3

Regulation 5.6.49 Corporations Act 2001

Form 535 – Formal proof of debt or claim (General form)

ALT Financial Group Ltd (In Liquidation) ACN 609 449 194 ('the Company')

To: The Liquidators of ALT Financial Group Ltd (In Liquidation) ('the Company')

1. This is to state that the Company was on 23 August 2023, and still is, justly and truly indebted:

To _____
(name of creditor)

Of _____
(address of creditor)

ABN _____

For \$ _____ GST Amount: \$ _____
(amount owed to creditor, include cents, GST inclusive)

Particulars of the debt are:

Date	Consideration	Amount (\$)	Remarks
(insert date when debt arose)	(state how the debt arose and attach supporting invoices and statements of account)	(GST inclusive amount)	(include details of voucher substantiating payment)

(If debt is held due to an assignment of debt, provide evidence of the transfer and the consideration paid for assignment of the debt.)

2. To my knowledge or belief, the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following:
(Insert particulars of all securities held. If the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form.)

Date	Drawer	Acceptor	Amount (\$)	Due date
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3. This proof of debt may be used for the purposes of voting at any meeting, a proposal without a meeting or for distribution to creditors unless a further proof of debt is submitted by me.

Execution:

- ☐ I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. (select if applicable)
- ☐ I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. (select if applicable)
- ☐ I am a related creditor of the Company. (select if applicable)
- ☐ I nominate to receive electronic notification of notices or documents in accordance with Section 600G of the Corporations Act at the email address or fax number listed below.

Signature _____

Name _____ Date _____

Address _____

Email _____

Phone _____ Fax _____

Corporations Act 2001

Initial Remuneration Notice

ALT Financial Group Ltd (In Liquidation) ACN 609 449 194 ('the Company')

The purpose of the Initial Remuneration Notice is to provide you with information about how our remuneration for undertaking the liquidation will be set and how disbursements may be calculated and incurred.

Remuneration methods

There are four basic methods that may be used to calculate the remuneration of an external administrator. They are:

1. Time based or hourly rates – This is the most common method. The total fee charged is based on the hourly rate charged for each staff member based on their level of experience and multiplied by the number of hours spent by each staff member on each of the tasks performed.
2. Fixed fee – The total fee charged is normally agreed to, and quoted, at the commencement of the administration and is based on the anticipated work through the term of the administration. At times, an insolvency practitioner will finalise an administration for a fixed fee.
3. Percentage – The total fee is based on a percentage rate of a particular variable, such as the gross proceeds of all assets recovered in an administration.
4. Contingency – the fee is structured to be contingent on a particular outcome being achieved.

Remuneration method chosen

Given the nature of this administration, remuneration will be calculated on the basis of an hourly rate charged for each person who carried out the work at the direction of the liquidator multiplied by the number of hours spent by each person on each of the tasks performed as it fairly reflects the necessary work performed and overcomes the difficulty in identifying the scope of the work required, particularly on longer term engagements. It also ensures that creditors are only charged for work that is performed. This method is also chosen as there are a number of tasks that are required to be performed but do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to the Australian Securities and Investments Commission and distributing funds to creditors.

Explanation of the KordaMentha rates

The current rates for our remuneration calculation are set out in the attached appendix together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. These rates are multiplied by the time spent by the applicable staff member in completing tasks relating to the administration as recorded in our time reporting system. The basis of our time reporting system is one of six-minute time increments. This allows us to produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the administration. This method provides full accountability to creditors in the method of calculation.

The KordaMentha rates are subject to review and adjustment at 1 July each year to reflect changes in the cost base of the firm and changes in market conditions and rates for comparable insolvency firms. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Estimate of total remuneration

Based on the limited information we have at this early stage of the administration, we estimate that this external administration will cost approximately \$30,000 to \$50,000 (excluding GST), funds permitting. The total cost of the liquidation will vary depending on the complexity and demands of the liquidation and the work required to be

performed by the Liquidators and our staff in respect of issues arising from the liquidation. Any delays in the administration could also cause the estimate to vary. These variables may have a significant effect on this estimate, however, we are unable to determine at this early stage of the administration what the effect may be.

We did not provide an estimate of the cost of the administration to any party prior to our appointment.

We have not received an upfront payment or indemnity.

Please note that if the total remuneration claimed is less than the statutory minimum pursuant to Section 60-15 of Schedule 2 (Insolvency Practice Schedule) of the Corporations Act 2001 (Cth) ('the IPS'), being \$6,127 (exclusive of GST), creditor approval will not be required pursuant to Subsection 60-5(2) of the IPS.

Disbursements

Disbursements are divided into three types:

- Externally provided professional services – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs – these are recovered at cost. Examples of externally provided professional service disbursements are travel, accommodation, search fees and lodgement fees.
- Internal disbursements – these are recovered on a reasonable commercial basis. These disbursements are generally charged at cost, though some may be charged at a rate which recoups both variable and fixed costs. Examples of internal disbursements include printing and postage costs, travel allowance and data room hosting.

We are not required to seek creditor approval for disbursements paid to third parties, but must account to creditors. However, we must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditor's consent for the payment of internal disbursements. Creditors will be asked to approve our internal disbursements prior to these disbursements being paid from the administration.

Details of the basis of recovering disbursements are included with the enclosed schedule titled KordaMentha Rates – National – FY2023.

Dated: 20 September 2023



Craig Shepard
Liquidator

KordaMentha rates

National

Applicable from 4 July 2022

FY 2023

Classification	\$ per hour*
Principal Appointee/Partner/Executive Director	795
Director	745
Associate Director 1	695
Associate Director 2	645
Manager	595
Senior Executive Analyst	545
Executive Analyst	495
Senior Business Analyst	425
Business Analyst	375
Administration	200

**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 4 July 2022

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 - \$6.68 per box Destruction - \$5.65 per box
RelativityOne fee	User licence fees (including analytics) \$150 per user per month
	Data hosting \$22.50 per GB per month
	Repository workspace \$7.50 per GB per month
	Cold storage \$5.65 per GB per month
	Nuix processing \$10.00 per GB
	<i>Note: only one of Data hosting, Repository workspace, Cold storage or Nuix processing cost will be charged at any one time</i>
Dataroom fee (varies based on MB size)	0–250 MB \$500 per month
	251–1000 MB \$500 + \$0.90/MB per month
	1001–2000 MB \$1,175 + \$0.40/MB per month
	2001–4000 MB \$1,499 + \$0.30/MB per month
	4001+ MB \$2,099 + \$0.25/MB per month

**Exclusive of GST, reviewed annually on 1 July. Postage is based on standard weight – amounts above that will be at cost. Dataroom rates applicable at the time of establishment are fixed for the duration of the dataroom. If lower rates are negotiated, then they will apply to datarooms established from that point in time.*

KordaMentha classifications

Classification	Guide to level of experience
Principal Appointee/Partner/ Executive Director	Registered/Official Liquidator/Trustee, his or her Partners. Specialist skills brought to the administration. Generally in excess of 10 years' experience.
Director	More than eight years' experience and more than three years as a Manager. Answerable to the appointee, but otherwise responsible for all aspects of an administration. Controls staffing and their training.
Associate Director 1	Six to eight years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Associate Director 2	Five to seven years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Manager	Four to six years' experience. Will have had conduct of minor administrations and experience in control of one to three staff. Assists with the planning control of medium to large administrations.
Senior Executive Analyst	Three to four years' experience. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.
Executive Analyst	Two to three years' experience. Required to control the tasks on small administrations and is responsible for assisting tasks on medium to large administrations.
Senior Business Analyst	Graduate with one to two years' experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Business Analyst	Undergraduate or graduate with up to one year experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	Appropriate skills, including books and records management and accounts processing particular to the administration.