



16 August 2022

To the creditors as addressed

**Dixon Advisory & Superannuation Services Pty Ltd
(Administrators Appointed) (“the Company” or “DASS”)
ACN 103 071 665**

We refer to previous correspondences regarding the Company, in particular our latest update provided to creditors on 25 May 2022.

The purpose of this correspondence is to provide you with a further high-level update on the status of the administration.

Further Extension of Convening Period

We advise that on 11 August 2022, the Administrators made a second application to the Court seeking an additional extension to the convening period. Specifically, the Administrators requested that the convening period was extended from 17 August 2022 to 30 November 2022.

The purpose of this application was to allow time for the Administrators to:

- a) consider, and possibly negotiate, the terms of a Deed of Company Arrangement (**DOCA**) proposal received from E&P Financial Group Limited (**EP1**) on 9 August 2022;
- b) finalise and approve the methodology to quantify client creditor claims, which the Administrators expect will be used to vote on any DOCA proposal considered by creditors; and
- c) reach a resolution regarding issues relating to the class actions.

The application was granted by the Court on 12 August 2022 and therefore, the period within which the second meeting of creditors must be convened was extended to **30 November 2022**.

A copy of the authenticated order is attached for your reference.

In the absence of the further extension, it was viewed that the only options available to creditors would have been:

1. to resolve that the Company be placed into liquidation at the second meeting of creditors. It is the Administrators’ view that placing the Company into liquidation at this juncture was likely to have a significant detrimental impact on the creditors as it would have deprived the opportunity to maximise the return to creditors, which remains the main objective of the administration; or
2. to convene the second meeting of creditors and then adjourn the meeting for up to 45 business days to enable the Administrators to conduct the necessary work involved in assessing and negotiating the DOCA proposal received from EP1 on 9 August 2022. We consider this would have been extremely inefficient (as two meetings would need to be held) and added substantial additional (and unnecessary) cost to the administration.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006,
GPO Box 1331, MELBOURNE VIC 3001
T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

As a result of the extension, the second meeting of creditors will be held by no later than five business days after the convening period ends on 30 November 2022 (ie. by 7 December 2022).

You will receive further correspondence regarding the timing of the second meeting of creditors, along with the Administrators' report on the Company's business, property, affairs and financial circumstances, prior to the second meeting of creditors. This report will also include the Administrators' recommendation on how the administration should end and the reasons for this recommendation.

Deed of Company Arrangement Proposal

As previously advised, DASS' parent company, EP1 intends to propose a DOCA.

Since our 25 May 2022 update, the Administrators have held numerous discussions with EP1, and were provided a DOCA proposal on 9 August 2022.

Given the DOCA proposal also requires the settlement of the class actions and releases for the defendants to the class actions, the Administrators require further time to work through the structure of the DOCA with EP1, the insurers and the class actions lawyers. As outlined above, this was a major factor in the Administrators' decision to seek a further extension to the convening period.

Further details of the proposed DOCA, including the Administrators' opinion on whether the proposed DOCA is in the interest of DASS's creditors, will be set out in our second report to creditors. As outlined in the section above, we expect to issue our second report to creditors by late November 2022.

Quantification of Client Claims

The Administrators have spent considerable time preparing a methodology and financial model for assessing the quantum of all client creditor claims.

Throughout this process, the Administrators have initially identified approximately 4,000 clients suffered capital losses totalling c.\$320 million.

There are further steps that must be undertaken to finalise the methodology, including the preparation of a report setting out, amongst other things, the basis of the methodology and financial model. The proposed methodology to be used to calculate creditors' losses may also need to be approved by the Court.

Further details about the loss quantification and methodology will be provided in our second report to creditors.

It is the Administrators' understanding that any prepaid fees paid to DASS by clients (that did not transfer their service arrangements to Evans and Partners Pty Limited (part of EP1 group)) have now been (or will soon be) refunded, where services associated with these fees had not been fully provided. Accordingly, the methodology to quantify client losses has not considered these fees as part of the losses suffered by creditors.

Creditor Portal

Given the significant number of potential creditors of DASS, the Administrators and the Committee of Inspection (COI) have agreed to develop a platform (known as a Creditor Portal), tailored specifically to the needs of DASS and its creditors. The Creditor Portal will be used to facilitate the review and assessment of creditor claims, for both voting and distribution purposes.

The Creditor Portal will allow creditors to inter alia update personal information, upload key documents and lodge formal proofs of debt. It is estimated that the Creditor Portal will be developed in approximately five weeks and creditors will be notified at the appropriate time following completion of its development.

Administrators' investigations into the affairs of DASS

Since our last update to creditors on 25 May 2022, we have significantly progressed our investigations into the Company's affairs.

An in-depth update on the Administrators' investigations into the affairs of DASS will be set out on the second report to creditors.

Status of Class Actions

On 15 June 2022, the Court made orders staying the class action led by Piper Alderman pending the resolution of the class action being led by Shine Lawyers. We understand this occurred because the two representative proceedings largely covered the same matters, and it was inefficient to continue with both proceedings.

What this means in practice is that Shine Lawyers will conduct the class action proceeding, however, if a settlement is to be agreed, both Piper Alderman and Shine Lawyers will need to agree to the settlement.

Notwithstanding the Shine Lawyers class action is stayed against DASS under section 440D of the Act, the applicants in the class action have recently filed an interlocutory application against the Administrators (amongst others), seeking access to certain documents, including details of insurance policies which might respond to the claims.

We understand Shine Lawyers believes it needs the details of any available insurance policies in order to assess any settlement proposal on the class actions, which is a condition of the DOCA proposal from EP1.

The interlocutory application is scheduled to be heard on 7 September 2022.

Australian Securities and Investments Commission (ASIC) media release - 3 August 2022

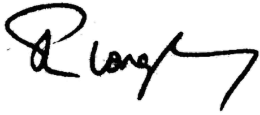
ASIC issued a media release and correspondence to former clients of DASS on 3 August 2022 recommending they lodge claims with the Australian Financial Complaints Authority (AFCA) if they believe they have suffered loss as a result of the misconduct of DASS and/or their former DASS financial adviser in providing financial advice.

As this recommendation was issued by ASIC and not the Administrators, if you have any queries we recommend you visit AFCA's dedicated website for DASS's former clients as suggested in ASIC's correspondence: <https://www.afca.org.au/news/current-matters/dixon-advisory-and-superannuation-services-in-voluntary-administration>.

Creditor queries

If creditors have any questions regarding the administration of DASS, please send your queries to au_dass_queries@pwc.com.

Yours sincerely

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

Stephen Longley and Craig Crosbie
Joint & Several Administrators



Federal Court of Australia

District Registry: Victoria

Division: General

No: VID68/2022

**STEPHEN LONGLEY AND CRAIG CROSBIE IN THEIR CAPACITY AS JOINT
AND SEVERAL ADMINISTRATORS OF DIXON ADVISORY &
SUPERANNUATION SERVICES PTY LTD (ADMINISTRATORS APPOINTED)
(ACN 103 071 665)**

Plaintiffs

ORDER

JUDGE: JUSTICE MOSHINSKY

DATE OF ORDER: 12 August 2022

WHERE MADE: Sydney

THE COURT ORDERS THAT:

1. Pursuant to s 439A(6) of the *Corporations Act* 2001 (Cth) (***Corporations Act***) the period within which the plaintiffs must convene the second meeting of the creditors of Dixon Advisory & Superannuation Services Pty Ltd (Administrators Appointed) (ACN 103 071 665) (the **Company**) be extended up to and including 30 November 2022.
2. Pursuant to s 447A(1) of the *Corporations Act*, Pt 5.3A of the *Corporations Act* is to operate in relation to the Company as if the second meeting of the creditors of the Company required by s 439A of the *Corporations Act* be held at any time during, or within 5 business days after the end of, the convening period as extended by the order at paragraph 1 above, notwithstanding the provisions of s 439A(2) of the *Corporations Act*.
3. Within 3 business days of the making of these orders, the plaintiffs cause notice of these orders to be given to creditors of the Company in accordance with the requirements specified in paragraph 3 of the orders made on 16 February 2022 in this proceeding.
4. Liberty be granted to any person who can demonstrate sufficient interest to modify or discharge the orders made pursuant to this application on not less than 48 hours' notice to the plaintiffs.



5. The plaintiffs' costs of the application are costs in the administration of the Company.

Date that entry is stamped: 12 August 2022

Sia Lagos
Registrar