



Frequently Asked Questions – Deed of Company Arrangement

Dixon Advisory & Superannuation Services Pty Ltd (DASS or the Company)
ACN 103 071 665
(Subject to Deed of Company Arrangement)

This document is dated 29 May 2024 and is subject to regular update at <https://insolvency.pwc.com.au/>.

Important updates have been made to section D (Class Action Proceedings), section E (Distribution to Creditors) and section F (Compensation Scheme of Last Resort) of this document. Please take the time to read this updated information.

Purpose of this document

We have prepared this Frequently Asked Questions (**FAQ**) document to assist creditors and clients of the Company in understanding the DASS Deed of Company Arrangement, and to explain the next steps of the appointment.

FAQ

A. General Information / background to the Deed Administration

A.1 Who are the Deed Administrators?	Stephen Longley, Craig Crosbie & Rebecca Gill were jointly appointed as Deed Administrators of DASS on 16 December 2022 following a resolution passed by creditors at the Second Meeting of Creditors in favour of the Deed of Company Arrangement (DOCA) proposed by E&P Financial Group Limited, the ultimate beneficial owner of DASS. They are all partners of PwC Australia, which is one of the “Big 4” professional services firms. You can find out more at www.pwc.com .
A.2 What is a Deed of Company Arrangement?	A DOCA is a binding arrangement between a company and its creditors governing how the Company’s affairs will be dealt with and is agreed to after the Company enters voluntary administration. It is the role of the Deed Administrators to make sure the Company carries out its commitments. The extent of the Deed Administrators’ ongoing role will be set out in the DOCA. For more information regarding deed administrations, please visit https://asic.gov.au/regulatory-resources/insolvency/insolvency-for-creditors/deed-of-company-arrangement-for-creditors

<p>A.3 What is the implication of the Deed of Company Arrangement?</p>	<p>The Deed Administrators remain in control of the business and assets of DASS. The key objectives of the Deed Administrators is to collect all funds receivable under the DOCA and to distribute the available funds amongst the creditors of the Company.</p> <p>Some of the key features of the DOCA accepted by DASS creditors on 16 December 2022 include:</p> <ul style="list-style-type: none"> • Payment of the Tranche A payment by E&PO to DASS consisting of a \$1,000,000 deposit, plus \$17,662,489, less settlement adjustments of \$2,836,853. The Tranche A payment has been received by the Deed Administrators. • Upon receipt of the Tranche A payment, the Deed Administrators, on behalf of the Company, executed a release agreement in respect of any claims the Company had regarding intercompany debts and related deeds, and which also included releases for the benefit of the directors and former directors of all E&P Financial Group Limited (EP1) Group entities with respect to same. • Payment of Tranche B to DASS consisting of \$4,000,000, plus the balance of any insurance proceeds recovered by EP1 from the insurer as part of the settlement of class actions, less any unused portion of the aforementioned \$1,000,000 deposit. The Tranche B payment is only receivable in the event the class action proceedings are settled. Refer to section D.1 for further details regarding the settlement of the class action proceedings. <p>Further details regarding the DOCA may be found in the Administrators' Report to Creditors, available at https://insolvency.pwc.com.au/singleEntityCases/dixon-advisory-superannuation-services-pty-ltd/casePage</p>
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B. Status of the DOCA / next steps

<p>B.1 What are the next steps for the deed administration?</p>	<p>As at April 2024, the key next steps for the deed administration are:</p> <ul style="list-style-type: none"> • Collecting the payments due as of a result of the Class Action settlement, at completion of the 49 day appeal period. As outlined at D.1, we expect this to occur in mid June 2024. • Finalising the development of the creditor portal for distribution purposes. • Making a distribution of available funds to those former clients of DASS who are considered creditors under the DOCA. See section E for further information. • Regular meetings with the Committee of Inspection to discuss and report on the progress of the deed administration.
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	<ul style="list-style-type: none"> Assisting the Australian Financial Complaints Authority in accessing information in order to assess claims made by former clients of DASS in respect of the Compensation Scheme of Last Resort.
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C. Communications with creditors

<p>C.1 How will I get updates regarding the status of the deed administration?</p>	<p>Copies of reports and other key communications (when available) will be issued to known creditors of the Company via email (or post in certain circumstances).</p> <p>Key communications will also be published on the PwC website from time to time: https://insolvency.pwc.com.au/</p> <p>The Deed Administrators will also be meeting regularly with the Committee of Inspection. Minutes of these meeting will be lodged with ASIC and will also be published on the PwC website listed above.</p>
<p>C.2 Will a recording of the Meetings of Creditors held during the administration be made available?</p>	<p>Recordings of the Meetings of Creditors held during the administration are provided below:</p> <ul style="list-style-type: none"> First Meeting of Creditors – Link Second Meeting of Creditors – Link Reconvened Second Meeting of Creditors – Link
<p>C.3 Can I still access the creditor portal?</p>	<p>The creditor portal is currently unavailable. Please contact the Deed Administrators via the following email address if you have any enquiries regarding the information you have previously submitted on the creditor portal – au_dass_queries@pwc.com.</p> <p>Former clients that are considered creditors of the Company will receive new creditor portal login instructions prior to the distribution to creditors.</p>
<p>C.4 Who can I contact if I have questions about the deed administration?</p>	<p>Emails can be sent to au_dass_queries@pwc.com</p> <p>Due to the volume of stakeholders with interests in this deed administration and to save deed administration costs, we will not be in a position to respond to individual queries.</p> <p>We will review all queries received and update our FAQs to reflect the key themes and concerns that arise throughout the deed administration period.</p> <p>If you have queries regarding an ongoing relationship with EP1,</p>



	<p>DASS or your investments, please contact your existing Advisor. EP1 will also provide further information directly to you in this regard.</p> <p>If you have any queries regarding the class action proceedings led by Shine Lawyers, please contact the lawyers leading these class actions.</p> <p>Shine Lawyers</p> <ul style="list-style-type: none"> • Webpage: https://www.shine.com.au/service/class-actions/dixon-advisory-class-action • Email: dixonadvisoryclassaction@shine.com.au
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D. Class Action Proceedings

<p>D.1 What is the current status of the class action proceedings?</p>	<p>On 14 November 2023, a Deed of Settlement was entered into between the various parties with respect to the class action proceedings.</p> <p>On 3 April 2024 and 17 April 2024, the application for settlement of the class action proceedings was heard in the Federal Court of Australia (Court) and, on 17 April 2024, Justice Thawley made orders approving the proposed settlement.</p> <p>In line with the Deed of Settlement, the following amounts will be available for the benefit of the Company’s creditors:</p> <ol style="list-style-type: none"> 1. \$4m from EP1 (which forms part of the Tranche B payment required under the terms of the DOCA executed on 16 December 2022) payable within five business days of the date of the settlement of the Representative Proceedings; and 2. net insurance proceeds of \$9,071,647.75 (\$12m less \$2,928,352.25, being the costs of the Representative Proceedings approved by the Court), payable within five business days of the settlement of the class action proceedings. <p>The settlement approval process includes a 49-day appeal period (during which a person can seek to appeal against the approval orders). Accordingly, it is likely that the above amounts will not be received by the Deed Administration fund until mid-June 2024, assuming no appeals against the settlement approval are made.</p> <p>Please contact Shine Lawyers if you have any further queries regarding the class action proceedings.</p>
<p>D.2 I registered for the class action proceedings. What happens now?</p>	<p>Under the Deed of Settlement the monies referred to in section D.1 form part of the funds to be distributed to the creditors of DASS under the DOCA.</p>



Refer to section E.1 for further information regarding the distribution to creditors.

E. Distribution to creditors

<p>E.1 Am I a creditor under the DOCA?</p>	<p><u>Former Client Creditors</u></p> <p>As outlined in the Administrators’ Report to creditors dated 29 November 2022, the Administrators (now Deed Administrators) have adopted a loss calculation methodology (Loss Methodology) to determinate which former clients of DASS (Investors) should be considered creditors with respect to losses suffered as a result of financial advice received from DASS to acquire related party investment products.</p> <p>On 17 April 2024, the Deed Administrators obtained orders from the Federal Court of Australia (Court) which, among other things, endorsed the Loss Methodology. The Court confirmed the Deed Administrators’ position that only Investors in the US Masters Residential Property Fund (URF), specifically the Australian Securities Exchange (ASX) listed URF equities (the URF Equities), who recorded a loss under the Loss Methodology will be considered creditors of DASS for the purpose of the Deed Administration . (Former Client Creditors).</p> <p>The formula used to quantify Former Client Creditor claims under the Loss Methodology is outlined below:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-right: 1px solid black; padding: 2px 5px;">Add</td> <td style="padding: 2px 5px;">Capital Investment</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 2px 5px;">Less</td> <td style="padding: 2px 5px;">Capital Returned (via dividends)</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 2px 5px;">Less</td> <td style="padding: 2px 5px;">Capital Sold</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 2px 5px;">Less</td> <td style="padding: 2px 5px;">Value of Investment in URF Equities at Appointment Date</td> </tr> <tr> <td style="border-right: 1px solid black; padding: 2px 5px;">Equals</td> <td style="padding: 2px 5px;">Quantified Claim</td> </tr> </table> <p><u>We will write to former clients of DASS in due course, to advise if they meet the definition of a ‘Former Client Creditor’ for the purpose of receiving a distribution under the DOCA.</u></p> <p><u>Other creditors</u></p> <p>We understand there is a small number of trade creditors that may wish to make a claim in respect of the distribution. We will invite these creditors to provide evidence of the estimated debt owed by DASS.</p>	Add	Capital Investment	Less	Capital Returned (via dividends)	Less	Capital Sold	Less	Value of Investment in URF Equities at Appointment Date	Equals	Quantified Claim
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Equals	Quantified Claim										



<p>E.2 Why has the Loss Methodology been used to quantify creditor claims?</p>	<p>Given the quantum and complexity of former client claims against DASS, and the relatively modest pool of funds available for distribution, the Deed Administrators consider the Loss Methodology to be the most reasonable and efficient method of calculating former client claims in the external administration. Furthermore, the Court has endorsed the position taken by the Deed Administrators on the basis that it is necessary to take a practical approach when quantifying claims in order to maximise the return to creditors.</p> <p>Further details regarding the approach taken to select the Loss Methodology are set out in the Administrators' Report to creditors dated 29 November 2022.</p>
<p>E.3 I submitted a claim for the first and / or second creditors meetings. Do I need to submit another claim?</p>	<p>For the avoidance of doubt, any POD submitted in relation to the first creditors meeting <u>or</u> second creditors meeting were submitted for voting purposes only and will not be relevant for any future right to a distribution from the deed administration. Prior to the distribution to creditors, we will perform a formal adjudication process of all claims – see E.4 below.</p>
<p>E.4 What do I need to do to in order to participate in the distribution to creditors?</p>	<p>Please refer to question E.1.</p> <p>The Deed Administrators are required to give notice of their intention to declare a dividend only to those former clients who meet the definition of a Former Client Creditor and to any other person that the Deed Administrators consider may have a claim against DASS (such as trade creditors).</p> <p>We will contact all Former Client Creditors via email (or post in certain circumstances) at such a time when submissions for formal POD forms are required for the purposes of the distribution. Please monitor your email inbox for such future correspondence.</p> <p>A Notice of Intention to Declare a Dividend will also be posted on the Australian Securities and Investments Commission website prior to the distribution being made.</p> <p>At this point in time, former clients of DASS <u>are not required to take any action</u> in relation to the deed administration.</p>



<p>E.5 When will I need to submit my claim?</p>	<p>Former Client Creditors will be required to submit a claim once the Deed Administrators issue a Notice of Intention to Declare a Dividend. The Deed Administrators do not anticipate issuing a Notice of Intention to Declare a Dividend before July 2024.</p> <p>Once a Notice of Intention to Declare a Dividend has been issued, claimants will have 60 days to submit a formal POD for the distribution.</p> <p>Further details of how to use the creditor portal to submit your claim will be provided with the Notice of Intention to Declare a Dividend.</p>
<p>E.6 Will winding up my investment vehicle (Trust / SMSF) impact my ability to claim in the distribution to creditors?</p>	<p>When a former client takes steps to wind-up or dissolve the investment vehicle that held URF Equities, this may compromise their claim against DASS. The Deed Administrators sought directions from the Court on this topic and a summary of the outcome is set out below.</p> <p>From a legal perspective, a claim against DASS for losses suffered as a result of advice received to invest in URF Equities is a “cause of action” and can be defined as “property”. A former client that submits a claim against DASS must hold the “cause of action” in order to have a valid claim.</p> <p><u>Trusts / SMSFs with individual trustees</u></p> <ul style="list-style-type: none">• If a trustee has taken steps to dissolve (or actually dissolved) their trust or SMSF, but has not assigned the “cause of action” to a third party, then the property may still technically be held on trust and the former trustee / beneficiary may be able to make a claim against DASS.• However, if a trustee has taken steps to dissolve (or actually dissolved) their trust or SMSF but has assigned the “cause of action” to a third party, then to the extent the assignment is valid, it is likely that the assignee is the claimant who now holds the cause of action and is a creditor of DASS. <p>Therefore, in a scenario where a trust or SMSF with an individual trustee has been dissolved (or “wound up”), the claim against DASS is unlikely to have been compromised.</p> <p><u>Trusts / SMSFs with corporate trustees</u></p> <p>If the director of a trustee company has deregistered the corporate trustee and dissolved the trust or SMSF, then they may have compromised their claim against DASS in the absence of a reinstatement of the corporate trustee or valid assignment of the “cause of action” to a third party. Claimants should obtain their own independent legal advice in order to ascertain their options. For the avoidance of doubt, any costs incurred in obtaining such advice will</p>

	<p>not be a cost claimants will be able to include in the claim against DASS.</p> <p>If the trustee of the trust / SMSF has undertaken a valid assignment of the “cause of action” then the claimant should be updated to reflect the correct assignee and the claim against DASS should not be compromised, regardless of whether the trust / SMSF that suffered the loss has been deregistered or dissolved.</p> <p>In summary, if a claimant has taken steps to dissolve their trust / SMSF and deregistered the corporate trustee without a valid assignment, then it is likely the right to make a claim against DASS has been compromised. If a valid assignment has been made, the claim should transfer to the assignee, regardless of the status of the entity that held the URF Equities (active or dissolved/deregistered) and suffered a loss.</p> <p>It is important to note that the above is merely a guide to the way in which the Deed Administrators will approach the assessment of creditors’ claims. Each claim is to be assessed on its own merits, and there may be additional factors weighing for and against a particular claim. Former clients of DASS should seek their own independent advice.</p>
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F. Claiming for the Compensation Scheme of Last Resort

<p>F.1 What is the Compensation Scheme of Last Resort (CSLR)? Can I claim for the CSLR?</p>	<p>The CSLR is an external dispute resolution framework in Australia.</p> <p>The CSLR can pay compensation of up to \$150,000 to eligible people suffering from financial misconduct. Further information regarding the CSLR and the eligibility requirements for claiming for the CSLR can be found at https://cslr.org.au/</p>
<p>F.2 Is there a deadline for claiming for the CSLR in respect of DASS?</p>	<p>On 27 May 2024, the Deed Administrators received a ‘Notice of Intention to Expel’ DASS from the membership it currently holds with the Australian Financial Complaints Authority (AFCA). At this stage, the expulsion will likely take effect on and from 30 June 2024.</p> <p>The implication of the proposed expulsion is that former clients of DASS will not be able to lodge a complaint (and therefore also have their complaint assessed for the purposes of possibly accessing the CSLR) <u>with AFCA after 29 June 2024 (being the day before the proposed expulsion takes effect)</u>.</p> <p>We understand that any complaint that has already been lodged with AFCA, or is lodged with AFCA before the proposed expulsion, will still be reviewed by AFCA.</p>



	<p>Any former client(s) of DASS who have not yet lodged a complaint with AFCA, and believe they have suffered a loss as a result of the misconduct of DASS, should consider lodging a complaint with AFCA <u>before 29 June 2024</u>.</p> <p>If the expulsion is finalised by AFCA, former clients of DASS will no longer have an opportunity to submit a complaint, or have their complaint assessed for the purposes of accessing the CSLR.</p> <p>If you wish to explore this further, we recommend you visit AFCA's dedicated website for DASS's former clients, which can be found at https://www.afca.org.au/news/current-matters/dixon-advisory-and-superannuation-services-pty-ltd-subject-to-deed-of-company-arrangement</p> <p>Any queries in relation to AFCA complaints should be directed to AFCA.</p>
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G. Media

G.1 Media Enquiries	<p>All media enquiries should be directed to:</p> <p>Matthew Mahon at RoyceComm +61 413 101 860 matthew@royce.com.au</p>
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