

Administrator's Report

Melbourne Rebels Rugby Union Pty Ltd
(Administrator Appointed) (the Company)
ACN 140 597 066

Administrator: Stephen Longley

24 April 2024



Strictly private and confidential

Contents

Glossary	4
1. Disclaimer	6
2. Executive summary	7
2.1. Appointment background	7
2.2. Extension of convening period	7
2.3. Report's purpose	7
2.4. Administrator's opinion	7
2.5. Second meeting of creditors	8
2.6. Deed of Company Arrangement	8
2.7. Estimated return to creditors	8
2.8. Offences and liquidation recoveries	9
2.9. Administrator's overview	9
2.10. Remuneration	10
3. Introduction	11
3.1. Appointment information	11
3.2. Declaration of Independence, Relevant Relationships and Indemnities	11
3.3. Report's purpose	11
3.4. Purpose of second meeting	11
3.5. Second meeting convening period	11
3.6. Second meeting details	12
3.7. Meeting registration	12
3.8. Further information	12
4. Company background	13
4.1. Company overview	13
4.2. Recent events leading up to the appointment of the Administrator	14
4.3. Statutory information	15
4.4. Creditors' claims	16
4.5. Unsecured Creditors	18
4.6. Related entities	19
5. Conduct of administration	20
5.1. First meeting of creditors	20
5.2. Committee of Inspection	20
5.3. Key conduct of the Administrator	20
5.4. Cashflow Assessment	21
5.5. Continued Operations	21
5.6. Novation of Lease Agreement	22
5.7. Claims against Rugby Australia	22
5.8. Court Application – Extension of Convening Period	23
5.9. Remuneration	24
6. Company financial background	25
6.1. Company's financial performance	25
6.2. Company's financial position	28
6.3. Directors' Report on Company Activities and Property (ROCAP)	31
7. Investigations	34

7.1.	Directors' explanation for the Company's difficulties	34
7.2.	Administrator's opinion of the reasons for the Company's difficulties	34
7.3.	Insolvency	35
7.4.	Legal actions	37
7.5.	Outstanding or previous winding up applications	38
7.6.	Books and records	38
8.	Offences and liquidation recoveries	39
8.1.	Voidable transactions	39
8.2.	Insolvent trading	40
8.3.	Offences	42
8.4.	Directors' and officers' insurance policy	42
8.5.	Directors' personal financial position	42
8.6.	Auditor claim	42
8.7.	Public examinations	43
8.8.	Reporting of offences to ASIC	43
8.9.	Costs of investigations and pursuing recovery actions	43
8.10.	Funding investigations and recoveries	43
9.	Deed of Company Arrangement	44
9.1.	Overview	44
9.2.	Key features of draft Deed	44
9.3.	Deed Contributions	46
9.4.	Estimated return to creditors	46
9.5.	Deed general information	47
10.	Estimated return to creditors	48
10.1.	Summary Position	48
10.2.	Litigation	48
10.3.	Liquidation	48
11.	Administrator's opinion	52
11.1.	Liquidation	52
11.2.	Deed	52
11.3.	Administration to end	53
12.	Enquiries	54

Appendices

Appendix A – Notice of Meeting of Creditors

Appendix B – Declaration of Independence, Relevant Relationships and Indemnities

Appendix C – Deed of Company Arrangement Proposal

Appendix D – Remuneration Approval Report

Appendix E – Proxy Form

Appendix F – Formal Proof of Debt form

Appendix G – Information Sheets

Glossary

Abbreviations	Definitions
Act	Corporations Act 2001 (Cth)
Administrator	Stephen Longley
AEST	Australian Eastern Standard Time
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
Associated Entities	The meaning given in Section 50AAA of the Act
ATO	Australian Taxation Office
CBA VI	Professional Rugby Collective Bargaining Agreement (CBA VI) 2023 to 2026
Code	ARITA Code of Professional Practice
COI	Committee of Inspection
Company	Melbourne Rebels Rugby Union Pty Ltd (Administrator Appointed)
Conditions Precedent	The DPN Condition and the Participation Condition
CY	Calendar year
D&O Policy	Directors and Officers Insurance Policy
Deed	Deed of Company Arrangement
Deed Administrators	The proposed administrators of the proposed Deed being Stephen Longley and Michael Fung of PwC
Deed Creditor	Any creditor that has a claim, other than an Excluded Creditor
Deed Proponents	Directors and the Investor Group
DEWR	Department of Employment & Workplace Relations
DOCA	Deed of Company Arrangement
Directors	Collectively, Timothy John North, Lyndsey Cattermole, Owain Rhys Stone, Neil Douglas Hay, Paul Eric Docherty, Gary John Gray and Georgia May Widdup
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities, pursuant to s436DA of the Act and Code.
DPN	Director Penalty Notice issued by the Australian Taxation Office
DPN Condition	ATO providing a release to the Directors in respect of the DPNs
Effective Date	The date on which the Conditions Precedent are both satisfied or waived
Election Date	The original date the Conditions Precedent are required to be satisfied by
End Date	The Election Date or, if the Deed Proponents make an election to extend the date for satisfaction of the Conditions Precedent, the Extended date
Execution Date	The date the DOCA is executed
Excluded Creditors	The Directors, the Associated Entities of the Directors, Rugby Initiatives Pty Ltd and any other creditor who consents to being an excluded creditor.
FEG	Fair Entitlements Guarantee, a scheme administered by the Department of Employment & Workplace Relations to provide assistance to employees owed outstanding employee entitlements following the insolvency/bankruptcy of an employer
First Meeting	First meeting of creditors held on 8 February 2024 pursuant to s436E of the Act.
Funding Deed	Funding agreement entered into between the Company, the Administrator and Rugby Australia
Further Deed Contribution	A cash contribution that will be sufficient, when aggregated with the Initial Contribution, to pay Deed Creditors the amount of 30 cents in the dollar on their claims

Abbreviations	Definitions
General Deed Fund	The Initial Contribution, the Employee Contribution Amount, the Further Deed Contribution and the Recoveries
Initial Contribution	A cash contribution that will be sufficient to: <ol style="list-style-type: none"> 1. Satisfy all approved fees and expenses of the Administrator and the Deed Administrators; and 2. Pay Deed Creditors the amount of 15 cents in the dollar on their claims
Initial Notice to Creditors	The Administrator's Initial Notice to Creditors dated 31 January 2024
Investor Group	The Directors, Mr Leigh Clifford AC, and a group of high net worth individuals
IPR	Insolvency Practice Rules (Corporations) 2016
JVA	Joint Venture Agreement between Rugby Australia Limited and New Zealand Rugby Union Incorporated
k	Thousand
M	Million
Melbourne Rebels	Melbourne Rebels team competing in the Super Rugby Pacific Competition
MLP	Management Liability Policy
MOPT	Melbourne and Olympic Parks Trust
Nominated Employees	Employees determined by the Investor Group as being necessary for the continued operation of the Company after the Effective Date
NZRU	New Zealand Rugby Union Incorporated
Participation Agreement	Participation Agreement entered into between the Company and RA on 8 July 2022
Participation Condition	RA confirming in writing that the Participation Right remains, or the Court making a declaration that the Participation Right is, in full force and effect
Participation Right	The right of the Company to participate in the SRPC
PILN	Payment in lieu of notice
PMSI	Purchase Money Security Interest as defined in the PPSA
PPSA	Personal Property Security Act 2009 (Cth)
PPSR	Personal Property Securities Register – a register set up under the PPSA for the registration of security interests
PwC	PricewaterhouseCoopers
RA	Rugby Australia Limited
RA Claims	Potential actions by the Company against Rugby Australia
Recoveries	Amounts recovered from RA under or in respect of the Proceedings less amounts payable by the Company under the funding agreement entered into with the Deed Proponents
Remuneration Report	Report prepared by the Administrator in relation to his remuneration
Report	This report, prepared pursuant to Insolvency Practice Rule 75-225 and section 439A of the Act about the business, property, affairs and financial circumstances of the Company
ROCAP	Report on Company Activities and Property
RV	Victorian Rugby Union Inc. trading as Rugby Victoria
s	Section of the Act
Second Meeting	Meeting held pursuant to Insolvency Practice Rules (Corporations) s 75-225 and s 439A of the Act where creditors determine the future of the Company
SRPC	Super Rugby Pacific Competition
SRO	State Revenue Office of Victoria
SRLM	Super Rugby Licensee Members - Being the 5 Rugby Australia clubs including the Melbourne Rebels and the 4 other Super Rugby Licensee Members

1. Disclaimer

In reviewing this Report, creditors should note:

- This Report is based upon my preliminary investigations to date. Any additional material issues that are identified subsequent to issuing this Report may be the subject of a further written report and / or tabled at the Second Meeting.
- The contents of this Report are based on information obtained from the Company's books and records, financial systems, representations from the Directors, key management staff and my own enquiries and investigations.
- The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, I reserve the right to alter any conclusions reached on the basis of any amended or additional information which may be provided to me between the date of this Report and the date of the Second Meeting.
- In considering the options available to creditors and formulating my recommendation, I have necessarily made forecasts of asset realisations and total creditor claims. These forecasts and estimates may change as asset realisations progress and claims are received from creditors. While the forecasts and estimates are based on my best assessment in the circumstances, creditors should note that the eventual outcome for creditors may differ from that estimated in this Report.
- Neither I, PwC, nor any member or employee of PwC is responsible in any way whatsoever to any person in respect of any errors in this Report arising from incorrect information provided to me.
- I do not assume or accept any responsibility for any liability or loss sustained by any creditor or any other party as a result of the circulation, publication, reproduction or any use of the information presented in this Report.
- This Report is not for general circulation, publication, reproduction or any use other than to assist creditors in evaluating their position as creditors of the Company and must not be disclosed without my prior written approval.
- Creditors should consider seeking their own independent legal advice as to their rights and the options available to them at the Second Meeting.

2. Executive summary

2.1. Appointment background

On 29 January 2024, the Directors resolved to appoint Martin Ford and I as administrators of the Company pursuant to s436A of the Act. On 19 March 2024, Mr Ford retired as an administrator, and I am now the sole administrator of the Company.

At the time of my appointment, the Company fielded the rugby union team "Melbourne Rebels" in the SRPC.

2.2. Extension of convening period

A second meeting of creditors is ordinarily convened within 20 business days after an administration begins. As creditors may be aware, on 22 February 2024, the Federal Court of Australia granted an extension to the statutory convening period for the Second Meeting to 26 April 2024. The Second Meeting must be held by no later than five business days after the end of the convening period.

2.3. Report's purpose

The purpose of this report is to table the findings of my investigations into the Company's business, property, affairs and financial circumstances, as well as provide my opinion on the three statutory options available to creditors in deciding the future of the Company.

2.4. Administrator's opinion

Pursuant to the Act, creditors have three options to choose from in order to determine the future of the Company:

- The administration end with control of the Company reverting back to the Directors;
- Consent to the Administrator executing a Deed of Company Arrangement; or
- Wind up the Company (i.e., place it into liquidation).

It is my opinion that it is in the best interest of creditors for the **Company execute the proposed Deed**. The key reasons for my recommendation are as follows:

- It provides for the prompt payment of employee entitlements in full.
- The estimated return to unsecured creditors entitled to participate in the proposed Deed (i.e., all creditors other than those who agree to be Excluded Creditors) is a minimum of 15 cents, which is greater than the likely outcome in a liquidation of 9 cents in the dollar. I consider that the medium liquidation scenario set out in this report is the 'likely' outcome if creditors resolve for the Company to be wound up.
- The minimum return under the Deed is not contingent on the outcome of litigation, and as such provides for greater certainty of a return and in a quicker timeframe than could be expected in liquidation.
- The actual return to creditors in a liquidation could be materially lower than what is estimated under the proposed Deed as it requires the successful recovery of the insolvent trading claim against the Directors as well as potential claims against RA.
- A liquidator will need to seek third party funding to pursue any claims, including insolvent trading and the RA claims. Litigation funders generally require a significant share of the proceeds of any judgement as a condition of funding the litigation. In the Deed scenario, the Deed Proponents will provide funding to pursue the RA claims without the requirement to pay a funding premium to litigation funders in event that the deed administrators consider there is a commercial benefit in pursuing these claims.
- The proposed Deed also has the potential for higher returns to be paid to unsecured creditors – a total of 30 cents in the dollar if two conditions precedent are satisfied or waived. Further, the minimum DOCA return (Low Case scenario) will also increase if there are successful litigation recoveries from RA. I have not attributed any value to this potential upside when forming my opinion to recommend the proposed DOCA given there is no certainty that these higher returns will eventuate.

2.5. Second meeting of creditors

The Second Meeting will be held using virtual meeting technology on:

Date:	3 May 2024
Meeting time:	2:00PM AEST
Location	Held using virtual meeting technology only.
Registration:	<p>In order to vote at the Second Meeting, creditors will need to submit a Proxy Form (Appendix E) and (where necessary) a Proof of Debt (Appendix F) by email to hope.hourigan@au.pwc.com by no later than 4:00PM AEST on 2 May 2024.</p> <p>If you do not register by this time, your VOTE WILL NOT BE COUNTED and your attendance at the Second Meeting will be in the capacity as an observer only.</p> <p>Virtual meeting access details will be provided to all confirmed attendees by close of business, 2 May 2024.</p>

Formal notification 'Form 529 – Notice of Meeting of Creditors' is attached at **Appendix A**.

Creditors should also note:

- if you want to attend the Second Meeting as an observer (i.e., without voting rights), a Proof of Debt and Proxy Form are not required. Please contact my office by email at hope.hourigan@au.pwc.com by no later than **4:00PM AEST on 2 May 2024** to register your attendance as an observer for the Second Meeting; and
- it is not compulsory for you to attend the Second Meeting and non-attendance will not affect the validity of any claim you may have against the Company.

2.6. Deed of Company Arrangement

A Deed is a binding agreement between a company and its creditors setting out how a company's affairs will be dealt with. It aims to provide a better return to creditors than would be achieved by winding up the company (i.e., liquidation).

Since my appointment, I have been in discussions with the Directors and their advisors in relation to the terms of their proposal resulting in several iterations being considered. On 24 April 2024, I received from the Directors the latest DOCA proposal which is attached at **Appendix C**. Creditors are encouraged to review the proposal and consider my commentary on the draft DOCA outlined at Section 9 of this Report.

As outlined at Sections 2.4 and 11, I am of the view that the DOCA is likely to provide a superior return to creditors and in a quicker timeframe than liquidation.

2.7. Estimated return to creditors

A detailed comparison of estimated returns to creditors under the Deed and liquidation scenarios are set out in detail in Section 10. A summary is provided below:

Creditor Class	Liquidation cents in \$			Deed cents in \$		Distribution Timeframe	
	Low	Medium	High	Low	High	Liquidation	Deed
Priority claims (employees)	Nil	100	100	100	100	1-4 years	1-2 months
Deed Creditors	Nil	9.31	37.56	15	30	2-4	2-12 months
Excluded Creditors	Nil	9.31	37.56	Nil	Nil	2-4	N/A

Where creditors resolve for the Company to be placed into Liquidation an employee may be eligible for payment of any shortfall in their employee entitlements (excluding superannuation) under FEG which is administered by the DEWR. My initial investigations indicate that FEG would only cover 58% of total outstanding entitlements. FEG aims to remit payment within 16 weeks of any claims being made. I anticipate that any employee entitlements not covered by FEG will be paid within 1 to 4 years if sufficient funds are recovered to enable a dividend to priority employee creditors. Refer to Section 4.4.4 for further details and a breakdown of the entitlements that are eligible to be covered by the FEG scheme.

The estimated outcome under the Liquidation scenarios is heavily reliant upon a liquidator commencing litigation to prosecute potential claims. In the proposed DOCA, it is likely that litigation would be required to deliver the High Case return as I do not consider the conditions precedent will be satisfied, while the Low Case return does not require litigation.

While various potential claims have been identified, I have not had sufficient funding to undertake detailed investigations or obtain legal advice on the merits and prospects of success of these claims, nor the likely commercial benefit of obtaining litigation funding to pursue these potential claims.

Accordingly, under each scenario some, all or none of the potential claims may ultimately proceed which may affect the estimated outcome for each class of creditor.

2.8. Offences and liquidation recoveries

My preliminary view is that:

- The Company may have traded whilst insolvent since 31 December 2018;
- In the event that creditors resolve for the Company to be wound up, a Liquidator would undertake further investigations into:
 - Potential voidable transaction claims totalling \$911k;
 - A potential claim against the Directors of the Company for potentially breaching their director duties and/or failing to prevent the Company from incurring new debts whilst the Company was insolvent of up to \$16.9m; and
 - Potential claims against RA raised by the Directors relating to:
 - \$6.05m of alleged underfunding of the Company for the period 1 January 2020 to November 2023;
 - \$2.04m in unpaid PAYG tax liabilities incurred by the Company whilst its players were representing Australia when RA is obliged to pay player costs when they are on national duty; and
 - Other claims relating to potential breaches by RA of its arrangements creating the SRPC.

Further investigations would be required to be undertaken by a Liquidator in order to reach a conclusion on the above claims, in particular, the quantification of the loss and damage claim in relation to insolvent trading. The claims against RA will be available in both Liquidation and DOCA scenarios.

2.9. Administrator's overview

2.9.1. Conduct of administration

Since my appointment, I have:

- Liaised with RA and their advisors in relation to the funding required to allow operations to continue;
- Entered into a Funding Deed with RA which allowed for the ongoing employment of all full-time staff to 14 February 2024;
- Liaised with the Directors in relation to the funding required to seek an extension of the convening period;
- Liaised with staff of the Company in relation to ongoing business requirements;
- Liaised with the MOPT in relation to the ongoing lease and use of the Company's premises located at AAMI Park;
- Entered into a Novation Agreement to novate the Company's lease held with MOPT to RA;
- Applied for and obtained an extension to the convening period to hold the Second Meeting;
- Secured the Company's assets and premises;
- Assessed the Company's financial position and immediate funding needs, including the preparation of a detailed cash flow trading forecast;
- Assessed information provided by the Directors;
- Prepared the Initial Notice to Creditors;
- Held a webcast to provide an update for the members of the Melbourne Rebels;
- Reviewed sponsorship agreements;

- Reviewed the books and records of the Company;
- Held the First Meeting of Creditors;
- Engaged with the COI, including holding 2 formal COI meetings;
- Responded to a significant volume of creditor enquiries;
- Arranged for a valuation of the Company’s physical assets, and negotiated a sale of the assets to RA;
- Conducted investigations into the affairs of the Company and reported to creditors, including a preliminary review of materials provided by the Company’s Board regarding potential claims against RA;
- Liaised with key stakeholders in relation to the Deed proposal including the Deed Proponents;
- Finalised trading accounts; and
- Undertaken various statutory obligations.

2.9.2. Company financial background

My review of the records available has identified that the Company:

- Had a significant working capital deficiency since at least 31 December 2018;
- Incurred accumulated net losses totalling \$16.1m during its last three reporting (calendar) years; and
- Had a high reliance upon financial support from its Directors and had been failing to meet its statutory obligations with the ATO and the SRO for a considerable period of time.

2.9.3. Reasons for Company’s difficulties

My investigations indicate that the Company’s financial difficulties arose largely as a result of the following:

- A history of trading losses, exacerbated since 2020 by the negative impact on revenue as a result of the COVID-19 pandemic. This includes the reduction in annual funding distributions by RA;
- Lack of readily available alternative funding sources;
- Excessive cost structure compared to the underlying revenue base, including employee costs and player wages; and
- Insufficient revenue being generated from non-RA sources, including membership, sponsorship and game day receipts to cover increasing costs, including statutory and lease liabilities.

Mr Owain Stone, a director of the Company, has provided the following reasons for the Company’s financial difficulties:

- That the Company was at all times effectively controlled by RA as a participating club in the SRPC;
- Shortfall of funding provided by RA; and
- Reliance on RA to fund the Company’s operations and part payment of wages and salaries of players that were jointly employed by RA.

2.10. Remuneration

I have not previously had any remuneration approved by the COI or creditors. At the Second Meeting, I am seeking approval for my remuneration as summarised below. Please refer to my Remuneration Report at **Appendix D** for full details of key activities undertaken by me, my partners and staff and the remuneration approval sought.

Period	Amount (Excluding GST)
<u>Voluntary Administration</u>	
Resolution 1: 29 January 2024 to 21 April 2024	\$559,284
Resolution 2: 22 April 2024 to 3 May 2024	\$82,445
Resolution 3: 4 May 2024 to the execution of the Deed of Company Arrangement	\$99,415
Total VA remuneration sought	\$741,144

3. Introduction

3.1. Appointment information

On 29 January 2024, the Directors resolved to appoint Martin Ford and I as administrators of the Company pursuant to s436A of the Act. On 19 March 2024, Mr Ford retired as an administrator, and I am now the sole administrator of the Company.

3.2. Declaration of Independence, Relevant Relationships and Indemnities

A DIRRI discloses information regarding any prior personal or professional relationships that PwC and I had with the Company or related parties, my independence and any indemnities received relating to this appointment.

Please find attached at **Appendix B** a copy of my updated DIRRI. The updated DIRRI is largely the same as the DIRRI previously provided to creditors, save for some commentary notifying creditors of the resignation of Mr Ford as administrator and further commentary in relation to funding provided by RA and the Directors since my appointment.

3.3. Report's purpose

An administrator is required to investigate a company's business, property, affairs and financial circumstances and report to creditors on the administrator's opinion on the options available to creditors, being that:

- the company be wound up (i.e., placed into liquidation); or
- the company execute a Deed; or
- the administration should end (with control of the company reverting to its directors).

This report is based on my investigations to date. Any additional issues I identify subsequent to this report may be the subject of a further written report and/or tabled at the Second Meeting.

3.4. Purpose of second meeting

The Second Meeting will:

- address the contents of this report;
- respond to questions from creditors;
- determine the Company's future by resolving one of the three available options; and
- seek approval of the Administrator's remuneration and disbursements.

As the current administrator, I would automatically become the Deed Administrator or Liquidator (as applicable) unless creditors resolve to replace me.

The options available to creditors and the Administrator's opinion on each option are set out in detail in Section 11. **I recommend that creditors resolve that the Company execute the proposed DOCA.**

3.5. Second meeting convening period

The Act stipulates the timing of the Second Meeting. Generally, the Second Meeting must be convened between 15-25 business days from the date the administration begins. However, on 22 February 2024 the Federal Court of Australia granted an extension to the statutory convening period for the Second Meeting to 26 April 2024. The Second Meeting must be held within five business days after the end of the convening period. In this regard, the Second Meeting will be held on 3 May 2024.

3.6. Second meeting details

The Second Meeting will be held using virtual meeting technology on 3 May 2024 at 2:00PM AEST. Formal notification Form 529 – Notice of Meeting of Creditors is attached at **Appendix A**.

In order to attend and vote at the meeting, creditors will need to complete a Proof of Debt Form and, where applicable, a Proxy Form. A Proxy Form must be completed where a corporate creditor is attending, or an individual creditor wants to appoint another person to act on their behalf at the meeting. A creditor may also choose to appoint the Chairperson to vote on their behalf.

Subject to receiving your completed Proof of Debt Form and Proxy Form (if applicable), I will provide you with access details to the teleconference facility.

3.7. Meeting registration

To register attendance and be entitled to vote at the Second Meeting, creditors must complete and submit the following forms attached at **E** and **F**.

Registration forms	Information
Form 532 – Appointment of Proxy (Appendix E)	<p>A new proxy form is required to be completed for each creditors' meeting (i.e., previous meeting proxy forms are invalid for the Second Meeting).</p> <p>If a corporate creditor wants to be represented at the Second Meeting, it must appoint an individual to act on its behalf by providing an executed proxy form.</p> <p>Individuals may choose to appoint a representative to vote on their behalf by executing a proxy form. If an individual is attending in person a proxy form is not required.</p>
Proof of Debt or Claim Form (Appendix F)	<p>This form is required to be completed to entitle a creditor to vote at the Second Meeting. Documents to support the amount claimed (e.g., unpaid invoices) must also be provided.</p> <p><u>There is no requirement to resubmit a proof of debt form if previously provided unless the amount claimed has changed.</u></p> <p>Please take care when completing the form to ensure the correct party is named as the creditor. As an example, this may include XYZ Pty Ltd as trustee for the ABC Family Superannuation Fund.</p>

Forms must be submitted no later than **4:00PM AEST on 2 May 2024** by emailing Hope Hourigan at hope.hourigan@au.pwc.com.

Only creditors of the Company are entitled to vote at the Second Meeting.

Creditors are encouraged to join the virtual meeting as early as possible after the registration time to enable the orderly registration of attendees so that the meeting can commence on time.

3.8. Further information

To assist creditors, employees, and shareholders to understand the voluntary administration process, the ASIC has released a package of insolvency information sheets endorsed by ARITA.

Enclosed at **Appendix G** is ASIC's publication Insolvency information for directors, employees, creditors and shareholders, which provides an index of all the information sheets that are available. You can download these information sheets from:

- www.asic.gov.au
- www.arita.com.au

4. Company background

4.1. Company overview

The Company operated the Melbourne Rebels, a professional rugby union club based in Melbourne, Victoria. The Melbourne Rebels train and play out of facilities located at AAMI Park in Melbourne Victoria.

The Company is a SRLM. RA is a company limited by guarantee of its members.

4.1.1. Right to participate in Super Rugby Pacific Competition

The Company had held a licence with RA since 2011 to participate in the Super Rugby competition. The name of the competition has changed since that time. At the time of my appointment, MRRU fielded the team 'Melbourne Rebels' which participated in the SRPC.

I understand that that the SRPC is governed by the JVA and the Company had been granted the right to participate in the SRPC by RA. The Company's right to participate is governed by the Participation Agreement.

The Participation Agreement expired on 31 December 2023 but contained terms that RA was to extend the Participation Agreement by 2 years if the Company had (amongst other things) complied with all its obligations under the Participation Deed. RA has informed me that its position is that the Company did not comply with all its obligations under the Participation Deed and accordingly the Participation Deed was not extended. The Directors do not agree with this position.

Further, I understand that, at the date of my appointment, the Company had yet to agree to a new participation agreement with RA to field a team in the SRPC for the 2024 and 2025 seasons and did not hold a licence to do so.

For completeness, I note that the Director's position is that the Company either continued to have the right to field a team under the previous Participation Agreement or has a legal basis to have its licence reinstated as they allege the Company lost its licence in unconscionable circumstances.

4.1.2. Player Contracts

All players that were contracted to play for the Melbourne Rebels were subject to a tripartite contract between the player, the Company and RA. These contracts were also subject to the terms of the Professional Rugby Collective Bargaining Agreement (CBA VI) 2023 to 2026. Pursuant to terms of the player contracts and CBA VI, the Melbourne Rebels players were initially employed by MRRU. However, RA held the ability to become the sole employer of the players by serving on them a written notice. RA issued such a notice to the players on or about 1 February 2024 advising it had become their employer effective 1 February 2024. The letter also advised it had commenced payment of salary and superannuation from 1 January 2024.

Notwithstanding the above, the terms of the CBA VI appear to suggest that RA may assume liability for amounts due to players of a team who loses its right or is suspended from fielding a team in the SRPC provided that the relevant players will accept all reasonable directions from RA in respect of future employment (see discussion at Section 4.1.1). Further, under CBA VI, RA would be solely responsible for funding the Company with the associated expenses (i.e., match payments) of any Melbourne Rebels players who were selected to represent the Australian national team (i.e., match payments) whilst they were on national duty.

It is the position of the Directors that RA had an obligation under the JVA to step in and ensure that five RA teams were fielded and, as a result, had an obligation to assume certain employee entitlements.

As can be seen from the above, the contractual arrangements of the Melbourne Rebels players were complicated, and the Directors and RA have different positions on who was considered to be the "true employer" of the players.

4.1.3. Financial background

Information regarding the Company's financial background is discussed in **Section 6**.

4.2. Recent events leading up to the appointment of the Administrator

The Directors have provided me with a chronology of key events leading up to my appointment. Key events have been summarised below.

Date	Key event
January 2011	The Company was granted a Super Rugby licence by RA, and it made its debut in the Super Rugby competition in the 2011 season.
March 2020	The 2020 Super Rugby season was cancelled as a result of the COVID-19 pandemic.
March 2020	RA reduced its annual funding distribution to the Company by approximately 30%, totalling \$1.7m.
May 2020	The Company was engaging in discussions with the ATO in relation to payment plans for its existing debt. I am yet to receive a copy of the ATO's file so cannot comment on any earlier discussions.
December 2021	The Company provided RA with copies of its financial accounts disclosing its working capital deficiency.
May 2022	The ATO rejected the Company's proposed repayment plan in relation to its taxation debt.
July 2022	The Participation Deed was executed between RA and the Company establishing the terms of the revenue distribution and other fees the Company will receive as consideration for its involvement in Super Rugby. The revenue distribution continued at what the Board describes as the underfunded rates that had applied since the commencement of the COVID-19 pandemic.
October 2022	The Company commenced negotiations with MOPT regarding a potential payment plan to clear its outstanding debt of c.\$479k.
November 2022	The Company entered into a payment plan with the ATO in relation to existing debt of \$7m.
December 2022	RA advised the board that it was seeking to engage with private equity firms to undertake a capital raising that would allow additional funding to be provided to the Company.
January 2023	RA and the 5 RA clubs, including the Melbourne Rebels, entered into CBA VI, in which the parties agree to work together in good faith and acknowledge their mutual interest in working in a partnership in key decision-making processes that affect rugby union in Australia.
July 2023	On 7 July 2023, the Company restructured its existing payment plan with the ATO on the assumption that it would be receiving additional funding of \$1.7m from RA. The Company defaulted on this payment plan on 28 July 2023 after receiving no additional funding.
July 2023	RA and NZRU entered into the JVA, which (amongst other things) established the SRPC and coordinated the commercial exploitation of certain rights, such as media and broadcasting rights, between RA and NZRU.
August 2023	RA announced that it was seeking a dual track equity and debt capital raising with private equity. The Company was hopeful that a successful equity or debt raise would result in additional funding being provided.
October 2023	On 23 October 2023, a meeting took place between the Company and RA's advisor, Deloitte, in which the Company's financial situation was discussed. Following this meeting, I understand that it was the Directors' expectation (based on the chronology provided) that new funding would be provided by RA, based on advice that RA had just secured a new debt facility.
November 2023	On 20 November 2023, the Directors separately received a DPN of \$7.8m from the ATO in relation to a portion of the Company's outstanding tax debt. I understand that the Directors have not complied with the terms of the DPN, which could result in the Directors being personally liable for this amount.
December 2023	<p>In conjunction with RV, the Company issued a statement of 'Key Issues' to the other clubs participating in the Super Rugby Pacific competition outlining the funding issues with RA.</p> <p>The Company raised concerns, inter alia, about its belief that RA:</p> <ul style="list-style-type: none"> at various times fell short of its purported commitments to provide additional funding; had a fiduciary responsibility to the SRLM and that RA allegedly failed to fulfil this fiduciary responsibility; had a good faith obligation to the SRLM and that RA allegedly failed to fulfil these good faith obligations; continued operating under a funding model that was introduced during COVID-19, leaving SRLM with responsibility to assume the shortfall in RA funding; and provided an overall lack of communication, support and funding to the SRLM.
January 2024	On 23 January 2024, the Company engaged Wexted Advisors to consider the Company's financial options, including whether it would be appropriate to appoint voluntary administrators.
January 2024	Between 26 January 2024 to 29 January 2024, the Company held discussions with partners and staff from PwC to discuss a potential voluntary administration appointment. Further information in relation to these discussions is outlined in the Administrator's DIRRI enclosed within this Report.

4.3. Statutory information

A search of ASIC's database reveals the following details of the Company and its directors, other officers and shareholders in the 12 months prior to my appointment.

Company details

Date of incorporation	17 November 2009
Registered office	'AAMI Stadium Entrance F' 60 Olympic Park Boulevard Melbourne VIC 3004
Principal place of business	'AAMI Stadium Entrance F' 60 Olympic Park Boulevard Melbourne VIC 3004

Directors' details	Appointment Date	Appointment End
Timothy John North	4 August 2017	Current
Lyndsey Cattermole	4 August 2017	Current
Owain Rhys Stone	4 August 2017	Current
Robert Rae Dalziel (dec)	4 August 2017	30-May-23
Neil Douglas Hay	11 September 2017	Current
Paul Eric Docherty	11 September 2017	Current
Gary John Gray	16 October 2017	Current
Georgia May Widdup	6 February 2019	Current

Secretary's details	Appointment from/to	Appointment End
Owain Rhys Stone	4 August 2017	Current

Shareholders	Total shares held	% of shares held
Victorian Rugby Union Inc	11,625,000	100%

I am not aware of any inaccuracy in ASIC's records.

4.4. Creditors' claims

At my appointment date, the claims of the Company's creditors totalled \$23.17m. The following table summarises estimated claims by each known class of creditor.

Creditor class	Number of creditors	Amount (\$)
Secured creditors		
Non-circulating only	1	7,402
Employee entitlements		
Priority creditors	35	1,311,259
Unsecured creditors		
Unsecured creditors (excluding related party creditors)	86	15,554,788
Related party creditors	13	6,294,317
Total creditor claims*	135	23,167,766

*These claims may be subject to change. Further, it should be noted that we have not formally adjudicated on any claims at the time of writing this Report.

These amounts have been derived from the:

- ROCAP provided by the Directors; and
- Company's books and records.

4.4.1. Secured creditors

A 'secured creditor' is a creditor that holds a security interest over some or all of a company's assets. To be valid, the security interest must generally be registered on the PPSR or, in the case of land and buildings, at the relevant Land Titles Office. Security interests can be over:

- circulating assets (formerly known as 'floating' assets) e.g., debtors and stock
- non-circulating assets (formerly known as 'fixed' assets) e.g., property, plant and equipment, land, goodwill and rights to dividends.

A search of the PPSR identified 11 security registrations against the Company as at the date of my appointment.

Secured Party	Notes	Type of Registration	Amount (\$)
EIT Finance Pty Ltd	A	PMSI (x4)	\$7,402
Coates Hire Operations Pty Limited	B	PMSI (x2)	Nil
HP Financial Services (Australia) Pty Limited	B	PMSI (x2)	Nil
Custom Service Leasing Pty Ltd	B	PMSI (x2)	Nil
Macquarie Leasing	B	PMSI	Nil

Note A – EIT Finance Pty Ltd

The debt owed to EIT Finance Pty Ltd relates to a lease agreement entered into with the Company in relation to the use of computer equipment, including a large commercial printer. I have advised EIT Finance Pty Ltd that I do not intend to exercise any rights in relation to the agreement and requested that they collect the secured assets. Consequently, once EIT Finance Pty Ltd collect and realise its secured assets, any balance owing will represent an unsecured creditor claim. I am yet to receive confirmation of the printer's collection.

Note B – Other Secured Creditors

These 4 creditors who held a combined 7 security interests have confirmed that there is no debt outstanding and have discharged their security registrations from the PPSR.

4.4.2. Employees

Outstanding employee entitlements have a statutory priority for payment over other creditors (except from the proceeds of non-circulating asset realisations).

The table below details all known outstanding employee entitlements based on the Company's books and records.

Entitlements	Total Amount (\$)
Superannuation	280,113
Wages and allowances	13,157
Annual leave	125,903
Long service leave	61,332
Pay in lieu of notice	465,556
Redundancy	313,986
Total employee entitlements (excluding superannuation on PILN)	1,260,048
Superannuation on PILN*	51,212
Total employee entitlements	1,311,260

*Employees will also be entitled to be paid superannuation on their PILN entitlement in that event that sufficient funds are recovered to enable a dividend for this entitlement. The superannuation debt on PILN will only crystallise at the time payment of PILN is made. The current superannuation guarantee rate is 11%.

4.4.3. Excluded employees

Excluded employees are defined in s566(2) of the Act as directors and their spouses or relatives.

Outstanding priority employee entitlements for excluded employees are limited to \$2,000 for wages (including superannuation) and \$1,500 for unpaid annual leave and long service leave. The balance of their entitlements ranks as an unsecured claim pursuant to s556(1A) and s556(1B) of the Act.

I am not currently aware of any excluded employee claims.

4.4.4. Fair Entitlements Guarantee

Under the Deed scenario, I anticipate that there will be sufficient funds to enable outstanding employee entitlements to be paid in full. However, should the Company be placed into Liquidation an employee may be eligible for payment of any shortfall in their employee entitlements under FEG which is administered by the DEWR.

Former employees must meet eligibility requirements outlined in the *Fair Entitlements Guarantee Act 2012*.

Where an advance to employees is made under the FEG scheme, the DEWR would be subrogated as a priority creditor for the entitlements distributed. Further information can be found on FEG's website at www.dewr.gov.au/fair-entitlements-guarantee.

FEG does not cover superannuation entitlements and any claim is capped to the FEG maximum weekly wage of \$2,673. The following table demonstrates what I believe would be payable to employees under the FEG scheme:

Employee Entitlements	Total Amount (\$)	Estimated entitlements covered by FEG (\$)	Estimated entitlements covered by FEG (%)
Superannuation	280,113	0	0%
Wages and allowances	13,157	0	0%
Annual leave	125,903	93,788	74%
Long service leave	61,332	38,031	62%
Pay in lieu of notice	465,556	375,317	81%
Redundancy	313,986	250,063	80%
Total employee entitlements (excluding superannuation on PILN)	1,260,048	757,199	60%
Superannuation on PILN*	51,212	0	0%
Total employee entitlements	1,311,260	757,199	58%

4.5. Unsecured Creditors

At the date of my appointment, the claims of the Company's unsecured creditors totalled \$21.85m as follows:

Creditor class	No of creditors	Company records or ROCAP amount (\$)
Unsecured creditors (excluding related party creditors)	86	15,554,788
Related party creditors	13	6,294,317
Total creditor claims	99	21,849,105

These figures are derived from the Company's books and records and the Directors' ROCAP.

The Company's top 10 unsecured creditors in value are:

No.	Holder name	Projected Claim (\$)
1	Australian Taxation Office	11,559,508
2	Rugby Initiatives Pty Ltd	4,810,962
3	Melbourne & Olympic Parks Trust	1,135,592
4	State Revenue Office Victoria	1,006,972
5	Lyndsey Cattermole	345,768
6	Rugby Vic (Victorian Rugby Union)	337,876
7	Neil Douglas Hay	337,500
8	Estate of Robert Rae Dalziel	131,205
9	O'Brien Group Australia	124,821
10	Timothy John North	120,884
Total of top 10		19,911,089
Total unsecured creditors		21,849,105
% of total unsecured claims		91.13%

4.6. Related entities

The Company's related entities and the quantum of their claims at the date of appointment are summarised below:

Related entity	Relationship	Company records or ROCAP amount (\$)
Rugby Initiatives Pty Ltd	Common Director	4,810,962
Lindsey Cattermole	Director	345,768
Victorian Rugby Union Inc.	Shareholder	337,876
Neil Hay	Director	337,500
Estate of Robert Rae Dalziel	Former Director	131,205
Timothy North	Director	120,884
Owain Stone	Director	100,415
Dalziel Superannuation Pty Ltd ATF Dalziel National Private Superfund	Common Director	50,000
Georgia Widdup	Director	37,970
BRC Capital	Common Director	16,734
Sarah Stone	Relative of Director	5,000
Gary John Gray	Director	1
Paul Eric Docherty	Director	1
Total related entity claims		6,294,317

The above claims have not been adjudicated on at this stage. However, based on my initial investigations, the above debts all appear to relate to loans provided to the Company. I understand that the Company has historically relied upon related party loans to fund the loss-making operations of the business and provide working capital requirements.

5. Conduct of administration

5.1. First meeting of creditors

The First Meeting of creditors of the Company was held on 8 February 2024 pursuant to s436E of the Act. A copy of the minutes of the First Meeting may be obtained from ASIC's website.

5.2. Committee of Inspection

Creditors at the First Meeting resolved that a COI be formed comprising:

Representative names	Representing
Jason Tracy	RA
Craig Moreland	ATO
Peter Williams	Rugby Initiatives Pty Limited
Ben Darwin	Gain Line Analytics Pty Ltd
Travis Mardling	MOPT
Mary-Jane Crabtree	RV
David Coyne	David Coyne

To date there have been two formal meetings of the COI. Those meetings have been used to update the members of the COI on the progress of the administration.

5.3. Key conduct of the Administrator

The key conduct of the administration to date is outlined below:

- Liaised with RA and their advisors in relation to the funding required to allow operations to continue;
- Entered into a Funding Deed with RA which allowed for the ongoing Employment of all full-time staff to 14 February 2024;
- Liaised with the Directors in relation to the funding required to seek an extension of the convening period;
- Liaised with staff of the Company in relation to ongoing business requirements;
- Liaised with the MOPT in relation to the ongoing lease and use of the Company's premises located at AAMI Park;
- Entered into a Novation Agreement to novate the Company's lease held with MOPT to RA;
- Applied for and obtained an extension to the convening period to hold the Second Meeting;
- Secured the Company's assets and premises;
- Assessed the Company's financial position and immediate funding needs, including the preparation of a detailed cash flow trading forecast;
- Assessed information provided by the Directors;
- Prepared the Initial Notice to Creditors;
- Held a webcast to provide an update for the members of the Melbourne Rebels;
- Reviewed sponsorship agreements;
- Review the books and records of the Company;
- Held the First Meeting of Creditors;
- Engaged with the COI, including holding 2 formal COI meetings;
- Responded to a significant volume of creditor enquiries;

- Arranged for a valuation of the Company's physical assets, and negotiated a sale of the assets to RA;
- Conducted investigations into the affairs of the Company and reported to creditors, including a preliminary review of materials provided by the Company's Board regarding potential claims against RA;
- Liaised with key stakeholders in relation to the Deed proposal;
- Finalised trading accounts; and
- Undertaken various statutory obligations.

5.4. Cashflow Assessment

Immediately following my appointment, my staff conducted an urgent assessment of the Company's cash requirements during the Voluntary Administration process, and particularly the period from 29 January 2024 to 14 February 2024.

Given that revenue was not expected to be generated during my appointment and only \$17k was in the Company's bank account at the date of my appointment, the cash flow forecast identified that external funding was required to continue football operations, even if all this allowed was an orderly handover to RA.

After discussions with RA and its advisors, funding of \$450k was provided to cover some costs of the administration up until 14 February 2024 which allowed me to trade the Company's business for a short period.

I confirm that a Funding Deed with RA was executed on 1 February 2024 which provided funding to cover the following costs until 14 February 2024:

- staff payroll and associated employment expenses (i.e., superannuation, entitlements etc);
- operational costs such as medical supplies, laundry services and food and nutrition for the players;
- contractor costs (doctors, psychologists, digital marketers); and
- partial funding of Voluntary Administrator's costs and disbursements for the relevant period.

It should also be noted that on or around 1 February 2024, RA issued correspondence to all players providing written notice that their employer will change from the Company to RA effective 1 February 2024.

5.5. Continued Operations

From 29 January 2024 to 14 February 2024, my staff and I undertook the following key tasks with respect to the Company's operations:

- Negotiated and entered into the Funding Deed with RA;
- Met with key employees on a regular basis to understand the operational requirements of the business;
- Negotiated with MOPT with respect to use of the Company's facilities on a rent free basis during the administration period;
- Identified and implemented cost cutting efficiencies;
- Liaised with key suppliers to facilitate ongoing supply;
- Prepared and maintained a cashflow forecast for the Company;
- Implemented systems to ensure that I maintained oversight and control of the expenses incurred, such as implementing a purchase order system; and
- Attended to payment of expenses incurred such as staff payroll, supplier and contractor payments.

On 13 February 2024, I was advised by RA that they:

- would not provide any additional funding past 14 February 2024;
- did not intend to novate any employee agreements over to RA; and
- intended to offer certain staff members new fixed term contracts for the 2024 Super Rugby Pacific season.

Without funding, I had no option but to terminate the employment of all staff effective 14 February 2024.

5.6. Novation of Lease Agreement

The Company was a party to a lease agreement with MOPT in relation to the use of its office and training facilities located at AAMI park. At the date of my appointment, the Company owed MOPT \$1.14m comprised of outstanding rental costs and costs associated with using the AAMI Park stadium for Super Rugby matches in addition to future rental obligations.

Since my appointment, I have proactively held ongoing discussions with MOPT in relation to the administration of the Company. MOPT provided me with a rent-free period for the first month of my appointment whilst I undertook an urgent assessment of the Company's business, assets and affairs. Once trading ceased, I entered into an agreement with MOPT and RA which had the effect of novating the lease to RA. I agreed to enter into the agreement having regard to:

- The Company no longer required the lease noting that it had no employees, players or the right to participate in the Super Rugby competition; and
- Any future rental payments that were owing under the lease by the Company would now be payable by RA, which would reduce any future loss claim being made by MOPT in relation to the Company's obligations under the terms of the lease.

5.7. Claims against Rugby Australia

5.7.1. Underfunding and PAYG Liability Claims

I have been provided with documentation from the Directors in relation to two claims they assert can be pursued against RA in the amount of \$8.09m. These claims are in relation to:

1. An alleged shortfall in funding provided by RA to the Company in the amount of \$6.05m for the period 1 January 2020 to November 2023, and
2. PAYG liabilities incurred by the Company whilst its players were representing Australia in the amount of \$2.04m. The Directors assert that these PAYG liabilities should have been paid by RA.

A breakdown of the alleged claims is as follows:

Alleged Claim	CY20	CY21	CY22	CY23	Total
Funding Shortfall	141,909	2,389,604	1,408,662	2,106,889	6,047,064
PAYG Liability	334,070	748,975	444,477	517,255	2,044,777
Total	475,979	3,138,579	1,853,139	2,624,144	8,091,841

I understand that the claims are primarily based on the key agreements discussed at Section 4.1 of this report but these claims require further time to review the relevant documentation and ascertain the actual facts relating to the relationship between the Company and RA.

5.7.2. Partnership Claim

The Directors have asserted that:

- By virtue of the key agreements discussed at Section 4.1 of this Report and the interdependent relationship between the Company, RA and the SRLM, that each party is part of a national partnership or joint venture (i.e., they are carrying on a joint business);
- The funds and assets of RA and the Company were to be used for the joint undertaking of enabling the Company to remain financially viable and compete in the SRPC; and
- By reason of the above, that RA and the Company are jointly and severally liable for the debts and obligations of the joint relationship or partnership. In particular, RA is jointly and severally liable for any of the Company's PAYG tax liabilities owed to the ATO relating to tax withheld on the payment of players.

The practical effect of this claim is unclear because even if RA is jointly and severally liable for the Company's PAYG liabilities, the ATO could still submit a claim in the administration for the full value of the debt outstanding (subject to rights of contribution that the Company may have against RA).

5.7.3. Other Claims

The Directors have also identified other causes of action against RA based on alleged breaches of the constituent documents of RA and the SRPC joint venture agreements. I have requested further information about these potential claims from the Directors.

5.8. Court Application – Extension of Convening Period

On 18 February 2024, I, via my solicitors, received an email from the solicitors representing the Directors advising that the Directors:

- would like to propose a DOCA proposal to the Administrator, as in their view, it would allow a better return to all creditors of the Company than a liquidation scenario, including employees in respect to their entitlements;
- need time to properly consider the terms of the DOCA proposal and hence seek an extension of the convening period for a period of 120 days; and
- would pay the Administrator's reasonable costs in bringing the Application and during the period of the extension, if granted.

On 19 February 2024, the former administrator consulted with the COI regarding the extension request and the COI members:

- were concerned about the length of the extension requested (120 days) and the delays this would cause to a liquidation and payment of employee entitlements;
- stated that they needed further information in order to consider any DOCA proposal; and
- were deadlocked on whether to support the extension request (two voted in favour, two voted against and three abstained)

Following the COI meeting, I considered that an extension for a period of 120 days was not reasonable and suggested the Directors amend their proposal. Ultimately, the Directors amended their proposal to ask the Administrators to seek a 60 day extension.

Having regard to the potential that a DOCA could result in a better return to creditors than a liquidation scenario, I made an application to the Court for an extension to the convening period for a period of up to 60 days. However, I did so on the following conditions to ensure that creditors would not be prejudiced if the Directors did not make acceptable progress with their proposed DOCA proposal:

- That \$100k was paid into my lawyers' trust account to cover the expense of the application (I confirm this was received prior to filing the application);
- That funding to meet the reasonable costs of the administration for the period of the extension must be provided within 72 hours of a cost estimate being provided to the Directors (I confirm \$150k funding has been received);
- Details of the proposed DOCA must be submitted by close of business on 22 March 2024, including confirmation that the key stakeholders required to participate in or agree to the DOCA are supportive of the DOCA proposal, or a later day where I consent;
- If the above details are forthcoming to my satisfaction, the Directors will then be afforded a further 21 days to negotiate and finalise the draft DOCA proposal for inclusion in the Administrator's report to creditors ahead of the Second Meeting
- If I form the view at any point in time that the proposed DOCA is no longer a viable option, I will convene the second meeting of creditors after providing 72 hours' notice to the Directors; and
- The Administrator will act reasonably and work with the Directors to formulate a suitable DOCA for the benefit of all creditors.

My application was successful and on 22 February 2024 the Court ordered that the convening period for the Second Meeting being extended to 12:00am AEST on Friday, 26 April 2024.

5.9. Remuneration

At the Second Meeting, I am seeking approval for my remuneration as summarised below:

Period	Amount (Excluding GST)
<u>Voluntary Administration</u>	
Resolution 1: 29 January 2024 to 21 April 2024	\$559,284
Resolution 2: 22 April 2024 to 3 May 2024	\$82,445
Resolution 3: 4 May 2024 to the execution of the Deed of Company Arrangement	\$99,415
Total VA remuneration sought	\$741,144

Please refer to my Remuneration Report at **Appendix D** for full details of key activities undertaken by me, my partners and staff and the remuneration approval sought.

6. Company financial background

The Company has maintained its management accounts using the Xero management accounting system since 31 December 2021. Prior to this date the Company used MYOB.

I understand that a relative of one of the Directors assisted with some bookkeeping and this was done on a volunteer basis. The person was not an employee of the Company.

The Company reported its financial results in calendar years (i.e., 1 January to 31 December). Throughout this analysis the reporting period will be defined as CY.

For the purposes of this report, I have completed a preliminary financial analysis on the Company's financial performance and position from 31 December 2020 to 31 December 2023.

If appointed, a liquidator will be able to conduct further investigations into the Company's financial history and have further powers to request further books and records of the Company. This would include a detailed analysis of the Company's financial position and performance prior to 31 December 2020.

6.1. Company's financial performance

Key Comments

- The Company has been loss making since at least CY21, with reported losses since totalling \$16.1m for the last three years (\$5.1m in CY21, \$5.3m in CY22 and \$5.7m in CY23).
- Even if the claims of underfunding totalling \$7.6m the Directors believe the Company has against RA (refer section 5.7.1) are added back for this period, the Company still would have reported accumulated losses totalling \$8.5m over the last three years.
- The Company is reliant on distributions from RA, comprising more than 50% of its overall revenue.
- Wages of players and staff exceed revenue generated by the Company during the reviewed period.

The Company's financial performance for the previous three calendar years ended 31 December 2023 is summarised in the table below and then set out in more detail on the following page.

Profit & Loss Statement (\$)	CY21	CY22	CY23	Total
Income	9,512,012	9,269,681	9,577,183	28,358,876
Operating expenses	(14,093,896)	(14,006,303)	(14,938,953)	(43,039,152)
EBITDA	(4,581,884)	(4,736,622)	(5,361,770)	(14,680,276)
Net Profit/(Loss)	(5,086,833)	(5,306,247)	(5,738,671)	(16,131,751)
Add: Alleged RA underpayment amounts	3,138,579	1,853,139	2,624,144	7,615,862
Adjusted Net Profit/(Loss)	(1,948,254)	(3,453,108)	(3,114,527)	(8,515,889)

Profit & Loss Statement (\$)	Notes	CY21	CY22	CY23	Total
Match Income and Merchandise		376,960	417,022	387,517	1,181,499
Membership		984,035	874,527	1,032,610	2,891,172
Other Income		30,589	41,676	29,893	102,158
Partnerships	6.1.1	2,376,624	2,077,145	3,130,388	7,584,157
RA - Other Income	6.1.2	1,955,054	1,347,426	840,027	4,142,507
RA - Revenue Share	6.1.2	3,788,750	4,511,885	4,156,748	12,457,383
Income		9,512,012	9,269,681	9,577,183	28,358,876
Accommodation & Travel		(90,607)	(174,967)	(150,602)	(416,176)
Advertisement & marketing		(562,054)	(780,240)	(1,018,681)	(2,360,975)
Apparel and Merchandising		(240,837)	(100,661)	(359,845)	(701,343)
Employee expenses	6.1.3	(3,038,989)	(3,322,485)	(3,817,611)	(10,179,085)
Equipment and Furniture		(270,540)	(103,295)	(173,652)	(547,487)
Fees & taxes		-	(540)	(282)	(822)
Food & entertainment		(36,537)	(55,796)	(53,588)	(145,921)
Match expenses		(298,139)	(320,940)	(381,881)	(1,000,960)
Other operating expenses		(703,646)	(423,908)	(587,888)	(1,715,442)
Professional fees and services		(451,520)	(331,784)	(461,623)	(1,244,927)
Player Salaries	6.1.3	(7,405,784)	(7,464,710)	(7,228,525)	(22,099,019)
Team costs		(995,243)	(926,977)	(704,775)	(2,626,995)
Operating expenses		(14,093,896)	(14,006,303)	(14,938,953)	(43,039,152)
EBITDA		(4,581,884)	(4,736,622)	(5,361,770)	(14,680,276)
Depreciation & amortisation		(325,366)	(427,964)	(273,491)	(1,026,821)
Finance cost		(179,583)	(141,662)	(103,410)	(424,655)
Net Profit/(Loss)		(5,086,833)	(5,306,247)	(5,738,671)	(16,131,751)
Add: Alleged RA underpayment amounts		3,138,579	1,853,139	2,624,144	7,615,862
Adjusted Net Profit/(Loss)	6.1.4	(1,948,254)	(3,453,108)	(3,114,527)	(8,515,889)

Notes:

6.1.1. Partnerships

There was a significant increase in partnership income in CY23. A large driver of this increase was the result of obtaining a large new sponsorship from Transport Accident Commission.

6.1.2. Rugby Australia Revenue

The Company was heavily reliant on RA to provide financial contributions to generate sufficient funds to keep trading. During the observed period, RA's distributions accounted for between 52% and 63% of its total income. This is summarised in the following table:

Income	CY21	CY22	CY23
RA - Other Income	1,955,054	1,347,426	840,027
RA - Revenue Share	3,788,750	4,511,885	4,156,748
Total RA Revenue	5,743,804	5,859,311	4,996,776
Match Income and Merchandise	376,960	417,022	387,517
Membership	984,035	874,527	1,032,610
Other Income	30,589	41,676	29,893
Partnerships	2,376,624	2,077,145	3,130,388
Total Income	9,512,012	9,269,681	9,577,183
RA Revenue as % of Income	60.40%	63.20%	52.20%

6.1.3. Wages – Employees and Players

The Company's largest expense relates to the salaries of staff and its players. Total wages in CY21, CY22 and CY23 exceeded the total revenue generated during the observed period. A summary of the position is as follows:

Wages Category	CY21	CY22	CY23
Employee Salaries	(3,038,989)	(3,322,485)	(3,817,611)
Player Salaries	(7,405,784)	(7,464,710)	(7,228,525)
Total Wages	(10,444,773)	(10,787,195)	(11,046,136)
Income	9,512,012	9,269,681	9,577,183
Surplus/(Shortfall)	(932,761)	(1,517,514)	(1,468,953)

6.1.4. Adjusted Net Profit/ (Loss)

In order to test the Company's financial performance against the underfunding / PAYG claims of the Directors (discussed in **section 5.7.1.** of this Report), I have adjusted the annual results to include the claims as revenue. Even if RA made the payments relating to the purported claims, the Company would have still incurred material losses for each year during the period under review.

6.2. Company's financial position

Key Comments

- The Company has reported a net asset and working capital deficiency since at least 31 December 2018, and the losses generated since CY21 have resulted in a material deterioration over the last three years.
- Given the Company's relatively low level of assets, the overall deficiency in net assets has primarily resulted from an increase in current liabilities related to the trading losses. Current liabilities have increased by \$12.9m from \$9.5m at 31 Dec 2020 to \$22.4m at 31 Dec 2023. The significant creditor increases during this period included:
 - ATO liability increased by \$7.5m from \$4.3m to \$11.8m;
 - Trade payables increased by \$2.5m from \$167k to \$2.7m; and
 - Related party loan liabilities increased by \$3.5m from \$2.1m to \$5.6m.
- The Company relied heavily on funding from related parties and deferral of creditors, in particular the ATO, MOPT and SRO to continue operating.
- The Directors advised that RA and the SRA clubs expected that private equity funding and overseas capital raisings would be sufficient to repay all debts.

The Company's financial position (balance sheet) for the four calendar years ended 31 December 2023 is summarised in the table below and repeated in more detail on the following page.

Balance Sheet (\$)	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	Movement
Current Assets	2,351,343	693,836	444,315	267,871	(2,083,472)
Non Current Assets	1,655,928	1,330,562	1,441,106	1,162,041	(493,887)
Total Assets	4,007,271	2,024,398	1,885,421	1,429,912	(2,577,359)
Current Liabilities	(9,491,712)	(11,965,074)	(17,229,153)	(22,441,298)	(12,949,587)
Non Current Liabilities	(901,866)	(901,866)	(805,059)	(876,075)	25,791
Total Liabilities	(10,393,578)	(12,866,941)	(18,034,211)	(23,317,374)	(12,923,796)
Net Assets	(6,386,307)	(10,842,543)	(16,148,790)	(21,887,461)	(15,501,154)
Add: Accumulated RA claims	475,979	3,614,558	5,467,697	8,091,841	7,615,862
Adjusted Net Assets	(5,910,328)	(7,227,985)	(10,681,093)	(13,795,620)	(7,885,292)

Balance Sheet (\$)	Notes	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	Movement
Cash at Bank	6.2.1	1,565,361	117,192	11,246	13,042	(1,552,319)
Accounts Receivable	6.2.2	643,010	342,476	349,925	138,584	(504,426)
Prepayments		142,973	24,278	83,144	111,245	(31,728)
Other Current Assets		-	209,890	-	5,000	5,000
Current Assets		2,351,343	693,836	444,315	267,871	(2,083,472)
Computer Equipment		726	-	35,215	24,474	23,748
Furniture		422	-	-	-	(422)
Gym Facilities	6.2.3	1,233	-	397,470	340,446	339,213
IT Equipment		845	-	-	-	(845)
Olympic Park	6.2.4	770,753	616,603	462,451	321,145	(449,608)
Leased Assets		881,950	713,959	545,971	475,976	(405,973)
Non Current Assets		1,655,928	1,330,562	1,441,106	1,162,041	(493,887)
Assets		4,007,271	2,024,398	1,885,421	1,429,912	(2,577,359)
Accounts Payable	6.2.5	(166,723)	(544,557)	(1,764,936)	(2,696,250)	(2,529,527)
Other Liabilities		(345,307)	(557,083)	1,892	229,647	574,953
ATO Liability	6.2.6	(4,280,544)	(5,813,835)	(8,048,570)	(11,769,304)	(7,488,761)
Employee Entitlements		(220,874)	(388,413)	(670,372)	(531,721)	(310,846)
Insurance		-	-	(70,793)	(53,835)	(53,835)
Leases		(1,009,030)	(841,040)	(841,040)	(841,040)	167,990
Membership Costs	6.2.7	(257,302)	(828,917)	(1,217,038)	(1,140,937)	(883,635)
Payroll Tax		(1,088,908)	(721,062)	(131,029)	-	1,088,908
Related Party Loans	6.2.8	(2,123,024)	(2,270,169)	(4,487,268)	(5,637,859)	(3,514,835)
Current Liabilities		(9,491,712)	(11,965,074)	(17,229,153)	(22,441,298)	(12,949,587)
Leases		(748,174)	(748,174)	(748,174)	(779,923)	(31,748)
Employee Entitlements		(153,692)	(153,692)	(56,884)	(96,153)	57,539
Non Current Liabilities		(901,866)	(901,866)	(805,059)	(876,075)	25,791
Liabilities		(10,393,578)	(12,866,941)	(18,034,211)	(23,317,374)	(12,923,796)
Net Assets		(6,386,307)	(10,842,543)	(16,148,790)	(21,887,461)	(15,501,154)
Add: Accumulated RA claims	6.2.9	475,979	3,614,558	5,467,697	8,091,841	7,615,862
Adjusted Net Assets	6.2.9	(5,910,328)	(7,227,985)	(10,681,093)	(13,795,620)	(7,885,292)

Notes:**6.2.1. Cash at bank**

The Company's records indicate it had insufficient cash available to meet its trading liabilities at all times during the observed period.

6.2.2. Aged receivables

The balance owing in accounts receivables relates primarily to sponsorship money that the Company is contracted to receive in the next 12 months and invoices issued to Rugby Australia for funding. The recoverability of the accounts receivable ledger is discussed at Section 6.3.1 of this Report.

6.2.3. Gym facilities

The Company purchased gym equipment for the club during CY22 which had a carrying value of \$340k at 31 December 2023. The carrying or book value of the gym equipment represents the historic costs expended less accumulated depreciation. Book value can vary considerably from fair market value, which is what a buyer would be willing to pay for the same assets on the open market.

6.2.4. Leases

The Company recognised a value of \$321k as at 31 December 2023 for the Company's right of use of AAMI Park pursuant to the Company's lease with the MOPT. Current amounts owing to MOPT pursuant to the lease are recorded in Aged Payables.

6.2.5. Aged payables

As at 31 December 2023, the accounts payable were comprised of 94 individual creditors with a total debt owing of \$2.7m. The top 6 payable balances owed to the below parties comprised more than 80% of the total AP balance:

Aged Creditors (Top 6)	< 6 Months	6-12 Months	12-18 Months	> 18 Months	Total	% of Total
Melbourne & Olympic Parks Trust	229,837	367,714	286,643	193,198	1,077,393	40.0%
State Revenue Office Victoria	63,671	289,412	358,987	-	712,070	26.4%
O'Brien Group Australia	-	156,643	-	-	156,643	5.8%
Max Events Pty Ltd	-	97,008	-	34,930	131,938	4.9%
Rugby Vic (Victorian Rugby Union)	97,411	2,750	-	-	100,161	3.7%
Academy Movement Inc	65,000	-	-	-	65,000	2.4%
Total	455,920	913,527	645,630	228,128	2,243,204	83.2%

6.2.6. ATO liabilities

The Company's account discloses that its statutory liabilities owed to the ATO has increased year on year as follows:

ATO Liabilities (\$)	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	Movement
ATO Payment Plan	(101)	5,057,817	4,966,458	7,310,729	2,252,912
ATO Payment Plan - PAYG	-	-	1,869,234	-	-
FBT	490,372	54,246	89,271	118,897	64,651
GST	1,239,079	266,074	344,619	443,237	177,164
PAYG	2,551,193	435,698	778,988	3,896,441	3,460,743
ATO Liability	4,280,543	5,813,835	8,048,570	11,769,304	5,955,470

Further investigations will be made into the Company's history with the ATO once I obtain the Company's taxation file from the ATO. I also note that the ATO is currently undertaking a PAYG review to determine whether the Company underreported its PAYG withheld.

6.2.7. Membership costs

These accrued and unpaid costs relate to membership packages and associated expenses that the Company maintained with various hospitality providers and event organisers (corporate suites at AAMI park for various events, catering costs, concert tickets).

6.2.8. Related party loans

The Company relied on consistent funding from related parties to meet certain liabilities. As a result, related creditors increased by \$3.5m from 31 December 2020 to 31 December 2023.

Further details of the related party loan balances are discussed in **section 4.6. of this Report.**

6.2.9. Adjusted net assets

In order to test the Company's financial position against the underfunding / PAYG claims of the Directors (discussed in **section 5.7.1.** of this Report), I have adjusted the balance sheets to include the accumulated claims as an asset. Even if RA made the payments relating to the purported claims, the Company would still have been materially net asset deficient across the period in review

6.3. Directors' Report on Company Activities and Property (ROCAP)

A company director must provide an administrator with a ROCAP outlining the company's business, property, affairs and financial circumstances at the appointment date. The ROCAP should include:

- net asset book values (based on historical financial records)
- estimated asset realisable values
- known liabilities.

Mr Stone has provided us with a ROCAP in accordance with his responsibilities under the Act. Whilst I understand that Mr Stone has submitted his ROCAP on behalf of all Directors, I have not received confirmation from the other directors that they agree with the contents of his ROCAP. A summary of the ROCAP is outlined below.

The ROCAP figures may differ from actual realisable values as:

- net book values are based on historical financial records and asset values are not market tested
- creditor claims are not yet adjudicated upon and quantified.

	Notes	Directors' ROCAP	
		Book value (\$)	Estimated Value (\$)
Assets:			
Debtors	6.3.1.	1,366,835	Nil
Cash at bank	6.3.2.	17,000	17,000
Plant and equipment	6.3.3.	364,920	80,000
Other Assets	6.3.4.	8,091,841	Unknown
Total Assets		9,840,596	97,000
<i>Less other creditor claims:</i>			
Employee Entitlements	6.3.5.	(330,700)	(330,700)
Players' Salaries	6.3.5.	(216,357)	(216,357)
Unsecured creditors (excluding related parties)	6.3.6.	(14,521,355)	(14,521,355)
Related party unsecured creditors	6.3.7.	(5,749,937)	(5,749,937)
Total Creditor Claims		(20,818,350)	(20,818,350)
Surplus/(Deficiency) to creditors after contingencies		(10,977,754)	(20,801,350)

Notes

6.3.1. Debtors

The ROCAP disclosed debtor accounts outstanding of \$1.37m. My review of the accounts receivable ledger has identified that:

- The largest debtor is RA in the amount of \$628.6k relating to funding requests. It should be noted that a number of these invoices appear to be generated from the Company's Xero file following my appointment; and
- The balance of the debtors are either:
 - in external administration with no expected dividend payable;
 - Relate to sponsorship agreements for the 2024 season. Given the Company does not have the ability to perform its obligations under the relevant agreements, I do not consider that these invoices will be recoverable; and
 - Invoices issued to parties in relation to corporate facilities or memberships. Given the Company is unable to provide the services invoiced, I do not consider that these invoices are collectable.

Whilst my investigations into the recovery of these debtors are ongoing, I consider any recovery to be remote.

6.3.2. Cash at Bank

I recovered \$17.3k from the Company's pre-appointment bank account held with Westpac.

6.3.3. Plant and Equipment

The Company held carrying values of \$340.5k and \$24.5k for Gym Facilities and Computer Equipment respectively. The carrying or book value of the gym equipment represents the historic costs expended less accumulated depreciation.

The Company's tangible assets have been sold to RA for \$80k (plus GST) on an 'as is, where is' basis. The sale price is between the auction value and market value for these assets, and selling to RA avoided me incurring significant selling costs such as removal expenses, advertising and agent's commission that are ordinarily incurred in an auction sale.

6.3.4. Other Assets

As outlined at Section 5.2.3 of this Report, the Directors have provided us with information in relation to two claims they purport should be pursued against RA in the amount of \$8.09m. These claims are in relation to:

- A shortfall in funding provided by RA to the Company in the amount of \$6.05m for the period 1 January 2020 to November 2023; and
- PAYG liabilities incurred by the Company whilst its players were representing Australia in the amount of \$2.04m. The Directors assert that these PAYG liabilities should have been paid by RA.

6.3.5. Employee Entitlements and Players' Salaries

Outstanding employee entitlements relate to the Company's unpaid wages, superannuation and leave entitlements. As detailed at Section 4.4.2 of this Report, I have identified employee entitlements totalling \$1.3m.

6.3.6. Unsecured creditors (excluding related parties)

The ROCAP included the below categories of creditors, incorporating an Aged Payables report as at 31 January 2024:

ROCAP unsecured creditors (excluding related parties)	Book value (\$)
ATO	11,769,715
MOPT	2,697,805
Accounts Payable (excluding ATO, MOPT and RV)	1,520,283
Revenue received in advance for members/ sponsors/ partners	Unknown
Insurance finance	53,835
Total Unsecured Creditors	16,041,639

The MOPT liability stated in the ROCAP appears to have been overstated noting that MOPT have lodged a POD in the administration in the amount of \$1.14m. My enquiries have identified 89 claims from unsecured creditors totalling \$16.6m.

6.3.7. Related party unsecured creditors

The ROCAP referred to the Company's accounting records, which disclosed amounts owing to the below:

ROCAP related party creditors	Book value (\$)
RV	312,077
Directors and director-associated entities	4,937,860
Short Term Funding	500,000
Total Related Party Creditors	5,749,937

My enquiries and review of the Company's books and records identified related party creditors totalling \$6.3m. A full breakdown of related party creditors is provided at Section 4.6 of this Report.

7. Investigations

Key Comments

Whilst my investigations are ongoing, my initial findings are summarised below:

- The Company's failure would appear to be the result of:
 - A history of trading losses, exacerbated since 2020 by the negative impact on revenue from the COVID-19 pandemic and reduced funding from RA since that time;
 - Insufficient revenue being generated from sources other than RA, such as membership, sponsorship and game day revenue;
 - An increasing expense base, including rising wage costs;
 - Lack of readily available alternative funding sources to meet the material net asset shortfall and trading losses; and
 - Failure to manage its statutory and lease liabilities.
 - The Company appears to have maintained adequate books and records.
 - The Directors have raised several issues, including what it believes to be potential claims against RA. My investigations into these matters are ongoing. These are complex issues, and I am not yet able to opine on the merits or otherwise of these claims.
 - My preliminary view is that the Company may have been insolvent from at least 31 December 2018.
-

I have conducted investigations into the reasons for the Company's failure to the extent possible in the available time. Further investigations will be conducted should creditors vote to wind up the Company at the Second Meeting. A liquidator has greater powers to undertake investigations and pursue recoveries than an administrator or deed administrator.

I have based my investigations and opinions on information obtained from:

- Company's books and records;
- Management accounts maintained with Xero and MYOB;
- Directors, officers, management and key staff members; and
- publicly available information.

7.1. Directors' explanation for the Company's difficulties

Mr Stone has provided the following reasons for the Company's financial difficulties:

- That the Company was at all times effectively controlled by RA as a participating club in the SRPC;
- Shortfall of funding provided by RA; and
- Reliance on RA to fund the Company's operations and part payment of wages and salaries of players that were jointly employed by RA.

7.2. Administrator's opinion of the reasons for the Company's difficulties

I believe the following factors are relevant:

- A history of trading losses, exacerbated since 2020 by the negative impact on revenue as a result of the COVID-19 pandemic. This includes the reduction in annual funding distributions by RA;
- Lack of readily available alternative funding sources;
- Excessive cost structure compared to the underlying revenue base, including employee costs and players wages; and

- Insufficient revenue being generated from non-RA sources, including membership, sponsorship, and game day receipts to cover increasing costs, including statutory and lease liabilities.

7.3. Insolvency

A company is insolvent if it is unable to pay its debts as and when they become due and payable.

Liquidators are required to demonstrate that a company is insolvent in order to pursue certain recovery proceedings (refer to **section 8 of this Report**).

My preliminary view, based on the Company's financial records, is that the Company was insolvent from at least 31 December 2018.

In order to test the Company's insolvency, I have conducted a Cash Flow Test and Balance Sheet Test, which are examined below, along with considering other insolvency principles established in case law.

I note that the Directors have raised several issues regarding potential claims against RA. Where possible, I have sought to assess the potential financial impact of these claims in my analysis. I reiterate that these issues are complex, and I require further time and information to adequately assess the merits or otherwise of the Directors' allegations.

7.3.1. Cash Flow Test

The Cash Flow Test is a measure of the Company's ability to pay its liabilities from available resources as and when they fall due. The available books and records indicate that the Company:

- was not able to pay its debts as and when they fell due from at least 31 December 2018, but likely considerably earlier; and
- the Company had a significant working capital deficiency from at least 31 December 2018, but likely considerably earlier.

Working capital and net current assets

Working capital is an indicator of liquid assets available to pay debts due within 12 months. A working capital ratio of less than one indicates that a company may not be able to pay its debts as and when they fall due.

My analysis of the Company's records relating to working capital and net current assets disclosed immediate liquidity issues. The Company's annual position for the period 31 December 2018 to 31 December 2023 is summarised as follows:

Working Capital Summary	31 Dec 18	31 Dec 19	31 Dec 20	31 Dec 21	31 Dec 22	31 Dec 23
Current Assets	586,294	580,484	2,351,343	576,644	433,069	249,829
Current Liabilities	(5,866,626)	(6,535,129)	(6,486,738)	(11,965,074)	(17,256,276)	(22,436,298)
Working Capital (Current Assets less Current Liabilities)	(5,280,332)	(5,954,645)	(4,135,395)	(11,388,431)	(16,823,207)	(22,186,469)
Current Ratio (Current Assets/Current Liabilities)	0.10	0.09	0.36	0.05	0.03	0.01

In the table below I have also summarised my analysis of the Company's working capital and current ratio by adding back accumulated balances the Directors' claim may have been due from RA. This analysis, whilst showing an improvement on the above, still reports a material working capital shortfall for the relevant dates.

Working Capital Summary	31 Dec 18	31 Dec 19	31 Dec 20	31 Dec 21	31 Dec 22	31 Dec 23
Current Assets	586,294	580,484	2,351,343	576,644	433,069	249,829
Add: Accumulated RA claims	-	-	475,979	3,614,558	5,467,697	8,091,841
Adjusted Current Assets	586,294	580,484	2,827,322	4,191,202	5,900,766	8,341,670
Current Liabilities	5,866,626	6,535,129	6,486,738	11,965,074	17,256,276	22,436,298
Working Capital (Current Assets less Current Liabilities)	(5,280,332)	(5,954,645)	(3,659,416)	(7,773,873)	(11,355,510)	(14,094,628)
Current Ratio (Current Assets/Current Liabilities)	0.10	0.09	0.44	0.35	0.34	0.37

7.3.2. Balance Sheet test

The balance sheet test assesses the solvency of a company with reference to the company's net asset position (i.e., the level of total assets relative to total liabilities).

My review of the financial records has found that the Company's reported net asset position was materially deficient throughout the period under review:

Net Assets Summary	31 Dec 18	31 Dec 19	31 Dec 20	31 Dec 21	31 Dec 22	31 Dec 23
Total Assets	1,876,551	2,585,543	4,007,271	2,024,398	1,885,421	1,424,912
Total Liabilities	7,197,582	10,265,051	10,393,578	12,866,941	18,034,211	23,312,374
Net Assets (Total Assets less Total Liabilities)	(5,321,030)	(7,679,508)	(6,386,307)	(10,842,543)	(16,148,790)	(21,887,461)

I have also conducted an analysis of net assets by adding back the accumulated balances the Directors assert may have been due from RA. Similar to the analysis at 7.3.1, whilst adding backs these claims show an improvement on the above, there is still a material net asset deficiency at all relevant dates.

Net Assets Summary	31 Dec 18	31 Dec 19	31 Dec 20	31 Dec 21	31 Dec 22	31 Dec 23
Total Assets	1,876,551	2,585,543	4,007,271	2,024,398	1,885,421	1,424,912
Adjustments	-	-	475,979	3,614,558	5,467,697	8,091,841
Adjusted Total Assets	1,876,551	2,585,543	4,483,250	5,638,956	7,353,118	9,516,753
Total Liabilities	7,197,582	10,265,051	10,393,578	12,866,941	18,034,211	23,312,374
Adjusted Net Assets (Adjusted Total Assets less Total Liabilities)	(5,321,030)	(7,679,508)	(5,910,328)	(7,227,985)	(10,681,093)	(13,795,620)

7.3.3. Other Indicators of Insolvency

Determining whether a company is insolvent (and the date at which insolvency occurred) is often difficult and is ultimately a matter for the Courts to decide. The Courts have identified fourteen general indicators of insolvency that are considered further in ASIC Regulatory Guide 217.

My investigations to date have identified that 6 of these indicators apply, or may apply, to the Company, as summarised overleaf.

Indicator	Present	Comment
Continuing trading losses	Yes	The Company incurred significant trading losses in CY21, CY22 and CY23 as discussed in Section 6.1. of this Report.
Liquidity ratio below one	Yes	The Company liquidity ratio was below one as outlined at Section 7.3.1 of this Report
Overdue Commonwealth and state taxes	Yes	The Company's records disclose that it has owed significant tax liabilities from at least 8 March 2018, being the last time the Company had no tax debt payable to the ATO.
Poor relationship with borrower/financier including inability to borrow additional funds	N/A	The Company did not have a primary financier
No access to alternative finance	No	The Company was able to source finance from the Directors, and entities / people associated with the Directors from as late as January 2024. This funding was insufficient.
Inability to raise further equity	No	No evidence to suggest that the Company attempted to raise equity. The Directors' view is that given the structure of the SRPL, the appropriate entity to raise equity was RA. The Directors also note that various representations were made by RA about the application of proceeds from the debt funding that RA obtained.
Supplier placing debtor on COD terms, otherwise demanding special payments before resuming supply	No	I am not aware of any suppliers placing the Company on COD terms.
Creditors outside trading terms	Yes	The Company had significant creditors who were paid outside of trading terms.
Issuing of post-dated cheques	No	I am not aware of any post-dated cheques
Dishonoured cheques	No	I am not aware of any dishonoured cheques
Special arrangements with selected creditors	Yes	I have evidence of the Company seeking payment arrangements from as early as May 2020 with the ATO, and October 2022 with MOPT.
Legal action threatened or commenced, or judgements entered against the company	No	I am not aware of any legal actions or judgements
Payments to creditors of rounded figures, which are irreconcilable to specific invoices or amounts	Yes	I have identified a small number of round sum payments
Inability to produce timely and accurate financial information to display the Company's trading performance and financial position, and make reliable forecasts	No	Management accounts were maintained

7.3.4. Proving Insolvency

Further investigations into the Company's insolvency will be conducted by a liquidator should the Company be wound up.

Determining when a company became insolvent can be a costly and complex exercise, involving a detailed review of the company's financial position, cash flow, and other relevant information.

Additionally, I refer to various claims made by the Directors that require further consideration in assessing any solvency determination.

7.4. Legal actions

I am unaware of any legal proceedings issued against the Company.

7.5. Outstanding or previous winding up applications

I am not aware of any outstanding or previous winding up applications against the Company.

Generally, there is a stay of proceedings against the company and its property during the administration period except where an administrator has provided consent for the proceedings to continue, or with leave of the Court.

7.6. Books and records

My preliminary view is that the Company has maintained adequate books and records.

A company must keep written financial records that:

- correctly record and explain its transactions, financial position, and performance;
- would enable true and fair financial statements to be prepared and audited; and
- must be kept for seven years after the transactions covered by the records are completed (s286).

Directors are responsible for ensuring that adequate financial records are maintained. Directors who fail to take all reasonable steps to ensure compliance with this requirement may be subject to a civil penalty order. This includes shadow and de facto directors.

A liquidator (if appointed) will continue investigations into whether any breaches of the Act have occurred in relation to the maintenance of proper books and records, including:

- failure to keep proper financial records (s286);
- failure to take all reasonable steps to comply with financial records reporting requirements (s344); and
- requiring officers to exercise a reasonable degree of care and diligence in the exercise of their powers and discharge of their duties (s180).

8. Offences and liquidation recoveries

Key Comments

While my investigations are ongoing, I summarise my preliminary findings below:

- I have identified several transactions that appear to be potential recoverable voidable transactions totalling \$910.6k.
- My preliminary view is that the Company may have traded whilst insolvent from 31 December 2018, and that it is likely that all debts that remain unpaid were incurred which could result in an insolvent trading claim exceeding \$16.8m.

A liquidator can pursue certain claims that may result in recoveries for creditors. Importantly, these claims are not available to a deed administrator should creditors vote to execute a Deed proposal.

To compare the likely return to creditors under each a Deed and liquidation, an administrator is required to investigate potential claims that a liquidator could pursue, including:

- voidable transactions and other potential recoveries
- recoveries against past or present directors, secretaries, other officers and Company advisors.

Enclosed at **Appendix G** is a *Creditor Information Sheet: Offences, Recoverable Transactions and Insolvent Trading* published by ARITA, which provides general information for creditors on the types of claims that a liquidator can pursue.

8.1. 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 the Act. The voidable transactions are commonly known as:

- Unfair Preference Payments;
- Uncommercial Transactions;
- Unfair Loans;
- Unreasonable Director Transactions; and
- Voidable dispositions.

My preliminary investigations have identified potential voidable transaction claims, summarised below:

Voidable transactions	Note	No of claims	Amount identified
Unfair Preferences	8.1.1.	4	\$671,171
Unreasonable director related transactions	8.1.2.	3	\$239,498
Total potential recoveries		7	\$910,669

8.1.1. Unfair Preferences

My initial investigations have identified that the Company made payments totalling \$671k to four creditors in the six-month-period prior to my appointment which appear to be preferential in nature.

These transactions would be further investigated in the event that a Liquidator is appointed.

Creditors should note that in order for a payment to be preferential in nature, a liquidator must prove, amongst other things, that a company was insolvent at the time the payment was made. I do not consider this would be an issue for these claims and I consider that the prospects of recovery would be high.

8.1.2. Unreasonable director-related transactions

An unreasonable director-related transaction is one that is entered into with a director or close associate of a director where it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction having regard to the benefits and/or detriments to the company.

My investigations have identified payments being made to two directors and a related entity of a director in the six month period prior to my appointment totalling \$239k which I consider are unreasonable director-related transactions. It is possible upon further investigation that these transactions could also be claimed as unfair preference payments if a valid defence is made against this specific type of claim.

These transactions would be further investigated in the event that a Liquidator is appointed.

8.2. Insolvent trading

Insolvent trading is when a company incurs a debt at a time when:

- the company was insolvent or became insolvent by incurring the debt; and
- there were reasonable grounds to suspect the Company was insolvent or would become so as a result of incurring the debt.

Company directors have a duty to prevent insolvent trading by not incurring debt when there are reasonable grounds for suspecting that the company is or will be unable to pay its debts as and when they fall due.

The objective test or standard of measure in deciding whether insolvent trading has occurred is whether a director can demonstrate that their actions are at the same degree and level that would be required of an ordinary reasonable person holding a similar position and responsibility in the same circumstances.

A director who fails to prevent a company from incurring a debt at a time when there are reasonable grounds for suspecting that the company is insolvent, or will become insolvent by incurring that debt, contravenes s588G of the Act.

I refer to my earlier comments above that I consider that the Company was insolvent from at least 31 December 2018. An insolvent trading claim against the Directors would comprise any debt that was incurred after 31 December 2018 and remains unpaid.

Whilst a detailed analysis has yet to be undertaken to quantify the exact loss and damage claim, I consider it reasonable considering the date of insolvency is over five years prior to my appointment to assume that the majority, if not all, of the debt that remains unpaid would have been incurred after the date of insolvency. Accordingly, an insolvent trading claim against the Directors could exceed \$16.8m (being the value of the known creditors less related party claims).

However, it should be noted that the total amount recoverable will likely vary as a result of the following:

1. I understand that the Directors were issued with DPNs of approximately \$7.8m by the ATO in November 2023 which may not have been complied with.

The effect of failing to comply with a DPN is that the Directors may become personally liable for the Company's debt owed to the ATO (or a portion of it). In the event that the Directors make payment of any creditor claims personally, the insolvent trading claim will be reduced to the extent of the payment made.

2. A significant amount of unsecured debt that was incurred after the date of insolvency and remains unpaid is owed to related parties and their associates.
3. The actual date of insolvency is still uncertain at this stage and subject to further analysis.

Creditors should note that only a liquidator or an individual creditor with the liquidator's permission can bring an action against a director for a breach of s588G. An administrator or deed administrator cannot pursue a director for recoveries from contraventions of s588G of the Act.

A liquidator may recover from a director the amount of loss or damages suffered by a creditor (s588M).

8.2.1. Director defences

Defences available to Directors under the Act in regard to allegations of insolvent trading are:

- the director had reasonable grounds to expect, and did expect, that the company was solvent at that time and would continue to be solvent if it incurred the debt;
- the director had reasonable grounds to believe that a competent and reliable person was responsible for providing adequate information about whether the company was solvent, and that person was fulfilling the responsibility and it was expected, that on the basis of the information provided, that the company was solvent and would continue to be solvent when the debt was incurred;

- at the time the debt was incurred the director, due to illness or other good reason, did not take part in the management of the company; and
- the director took all reasonable steps to prevent the company from incurring the debt.

The Directors have advised my office that they intend to vigorously defend any claim for insolvent trading brought against them. As set out elsewhere in this report, the Directors have provided details of alleged claims against RA that may form part of their defence against any allegations of trading whilst insolvent.

The Directors have also raised concerns, inter alia, about their belief that RA:

- at various time fell short of its purported commitments to provide additional funding;
- had a fiduciary responsibility to the SRLMs and that RA allegedly failed to fulfil this fiduciary responsibility;
- had a good faith obligation to the SRLMs and that RA allegedly failed to fulfil these good faith obligations;
- continued operating under a funding model that was introduced during COVID-19, leaving SRLMs with responsibility to assume the shortfall in RA funding; and
- provided an overall lack of communication, support and funding to the SRLMs.

Given the complex nature of the issues that have been raised, I do not have sufficient funding to adequately assess the merits of these claims and the potential impact on any recoveries from the Directors and/or RA for the benefit of creditors.

8.2.2. Safe Harbour

Section 588GA of the Act provides for directors to be protected against insolvent trading claims in various circumstances. The purpose of the relevant safe harbour legislation is to provide directors of finally distressed businesses with protection whilst they take advice on a potential turnaround plan that would lead to a better result for creditors than the immediate appointment of a liquidator or administrator.

I have not identified any evidence to suggest the Directors obtained safe harbour advice prior to my appointment.

8.2.3. Recovery estimate

As detailed above, pursuant to s588G of the Act, a Liquidator can seek compensation for the quantum of debt which remains unpaid which were incurred at a time when the Company was insolvent and not able to pay all its debts as and when they became due and payable. The compensation is payable by the people who were directors at the times the debts were incurred.

Given the large number of creditors in this matter I anticipate that significant work will need to be undertaken to formulate the insolvent trading claim. I consider it highly likely given the initial advice from the Directors that a Liquidator would be required to initiate legal proceedings in order to make a recovery of this claim.

As creditors may appreciate, litigation carries with it the risk of an uncertain outcome and can be expensive. In this regard, given the limited amount of assets available for a Liquidator to recover in this matter it would be highly likely that a Liquidator would be required to obtain litigation funding to pursue this claim in Court.

Litigation funders generally require a significant share of the proceeds of any judgement as a condition of funding the litigation. Based on my experience, I anticipate that a claim of this nature would attract a funding premium of around 30%.

In order to provide creditors with further context on what a recovery may look like I provide the following estimate on a low, medium and high basis:

Particulars	Low (\$)	Medium (\$)	High (\$)
Insolvent Trading Claim*	Nil	8,000,000	16,873,449
Less: Litigation funder commission	Nil	(2,400,000)	(5,062,035)
Less: Legal fees and disbursements	(450,000)	(1,000,000)	(1,000,000)
Less: Liquidator's fees and disbursements	(250,000)	(600,000)	(600,000)
Amount available for creditors	(700,000)	4,000,000	10,211,414

**The insolvent trading claim on a high basis has been calculated as the total known pre-appointment creditor claims less related party claims. It should be noted that this would not be the method used to calculate the loss and damage claim in a Liquidation scenario. In the event that creditors resolve for a Liquidator to be appointed, the Liquidator would undertake the process of determining the specific date that the Company became insolvent and verify all debts that were incurred post this date which remain unpaid.*

As outlined at Section 8.5 of this Report, I consider that the Directors are likely to have sufficient assets to meet any successful claims made against them.

8.3. Offences

Directors and others have duties, obligations, and responsibilities in relation to common law and statute.

8.3.1. Corporations Act 2001

My preliminary investigations have not identified any offences committed by the Directors other than failing to prevent the Company from incurring debts whilst insolvent.

A liquidator can conduct more thorough investigations and identify potential offences and recoveries (if any).

If a director breaches any duties, obligations and responsibilities, they may be subject to civil and criminal penalties, including:

- compensation to the Company for damages resulting from the contravention
- fines (up to \$200,000)
- imprisonment (up to 5 years)
- disqualification from managing corporations.

8.3.2. Other Legislation

In addition to offences under the Act, directors and others may commit offences in respect of the Company under other legislation, for example:

- Taxation laws
- Trade Practices Act
- Fair Trading Act.

My preliminary investigations have not definitively identified any breaches, however, a liquidator (if appointed) will be able to conduct additional investigations into offences under other legislation.

8.4. Directors' and officers' insurance policy

A Directors and Officers insurance policy (**D&O Policy**) offers liability cover for company officers to protect them from claims which may arise from the decisions and actions taken within the scope of their regular duties. Such policies cover the personal liability of company directors and officers. I am currently unaware of any D&O Policy held.

At the date of my appointment, the Company held a Management Liability Policy which I have preserved (**MLP**). I am not disclosing the terms of the MLP to avoid vitiating that policy.

8.5. Directors' personal financial position

When a liquidator assesses the commercial merit of pursuing a claim, a key consideration is the capacity of the defending party to satisfy the claim.

Based on property searches undertaken with the Victorian and New South Wales land titles offices, I consider that the Directors are likely to have sufficient assets to meet any successful claims made against them. It should be noted that to confirm this position I requested that each of the Directors complete a personal statement of financial position. However, at the date of this report none of the Directors have provided me with such a statement.

8.6. Auditor claim

I have not identified any claims against any prior auditors of the Company.

8.7. Public examinations

The Act provides that an 'eligible applicant', such as a liquidator, may examine officers of a company about its 'examinable affairs' and any other person who may be able to provide information relating to such affairs. 'Examinable affairs' is a comprehensive term with wide ranging application and includes:

- the promotion, formation, management, administration or winding up of the company;
- other affairs of the company; and
- the business affairs of a connected company of the company insofar as they appear to be relevant to the company or its affairs.

If the Court is satisfied that a summons for examination should be issued, the examinee is usually required to produce at the examination any specified books that are in the person's possession and relate to the corporation.

Should creditors vote to wind up the Company, the liquidator will consider the public examination of directors, officers and other persons of interest subject to available funds to meet the associated costs.

I consider there may be merit in conducting public examinations around a number of areas of interest including, but not limited to:

- the possibility of insolvent trading; and
- interviewing parties associated with voidable transactions.

8.8. Reporting of offences to ASIC

Administrators are required to complete and lodge a report with ASIC pursuant to s438D of the Act where it appears that:

- a past or present officer of a company may have committed an offence;
- money or property has been misapplied or retained; and
- a party is guilty of negligence, default, breach of duty or breach of trust in relation to a company.

A liquidator is required to lodge a report of his findings with ASIC, pursuant to s533 of the Act.

Creditors should also be aware that any report lodged pursuant to s438D (or an investigative report lodged by a liquidator pursuant to s533 of the Act) is not available to the public. I confirm that a report pursuant to s438D of the Act will be submitted prior to the Second Meeting.

8.9. Costs of investigations and pursuing recovery actions

As set out earlier in Section 8.2, creditors should note that recovery actions:

- may be expensive, lengthy and with uncertain outcomes;
- should not be commenced unless defendants have the financial resources to satisfy any judgement (this is often difficult to establish). In this case, I consider that defendants are likely to have sufficient financial resources; and
- must be funded by existing assets, creditor funding or external litigation funders. Litigation funders are likely to require a significant share of the proceeds of any judgement as a condition of funding the litigation).

8.10. Funding investigations and recoveries

Should creditors resolve that the Company be wound up and a liquidator appointed, it is likely the liquidator will be substantially without funds to meet the costs of any recovery actions that may be available to pursue.

In these circumstances, the liquidator may invite creditors to consider providing funding to conduct further investigations of potential insolvent trading claims, voidable transactions or other potential recovery actions detailed in the preceding paragraphs.

Alternatively, a liquidator may seek external funding from a litigation funder in exchange for a share of any recovered proceeds.

9. Deed of Company Arrangement

9.1. Overview

A Deed is a binding agreement between a company and its creditors setting out how a company's affairs will be dealt with. It aims to maximise the chances of the company, or as much as possible of its business continuing to exist or providing a better return to creditors than would be achieved by winding up the company (i.e. liquidation).

On 11 April 2024, I received from the Deed Proponents a draft term sheet for their proposed DOCA outlining the terms of a proposed Deed to be put to creditors of the Company. After various discussions with the Directors and their advisors on the draft DOCA proposal, on 24 April 2024 I received an updated term sheet which is enclosed at **Appendix C** of this Report. Creditors are provided the opportunity to vote on the Company's future at the Second Meeting which will include voting on the proposed DOCA.

The purpose of the DOCA is for the Company to be administered in a way that will allow the Company to continue and provide a better outcome for creditors when compared to a liquidation scenario. The DOCA is designed to deliver the following outcomes:

- a) In respect of all creditors, an improved outcome by virtue of an initial contribution which purpose is to meet all costs and expenses of the Administrator in full up to and including the signing of this DOCA together with arrangements to fully fund the Deed Administrator in a manner which does not dilute available assets for creditors.
- b) In respect of employees, a full return. The proposed DOCA will avoid the necessity for employees to make a claim with FEG to meet their claims and allow for all entitlements to be paid within one month.
- c) In respect of all unsecured creditors entitled to participate in the funds available under the Deed, the opportunity to receive a meaningful expeditious return above liquidation by reason of the contributions made.

9.2. Key features of draft Deed

The key features of the draft DOCA proposal are outlined below.

1. The Administrator and Mr Michael Fung (Partner of PwC) are to be the Deed Administrators;
2. The parties to the DOCA are the Company, the Administrator, the Deed Administrators, the Directors and the Investor Group;
3. The Deed Administrators will have all the usual powers contained within the Act;
4. The Directors, Associated Entities of the Directors, Rugby Initiatives Pty Ltd any other creditor who consents will be excluded from participating in any distribution to creditors until all other creditors are paid in full;
5. The Deed Proponents shall pay the Initial Contribution to the Deed Administrators within 7 days of a DOCA being executed. The Initial Contribution will be a cash contribution sufficient to:
 - a) Satisfy all approved fees and expenses of the Administrator and Deed Administrators; and,
 - b) Pay all Deed Creditors a dividend of 15 cents in the dollar
6. To the extent that the Initial Contribution becomes insufficient to enable a dividend of 15 cents in the dollar on Deed Creditor claims, the Deed Proponents agree to make an additional payment(s) to enable the dividend of 15 cents in the dollar to be paid within 14 days' notice from the Deed Administrators
7. Within 7 days of the DOCA being executed, the Deed Administrators will commence the dividend process in relation to outstanding employee entitlements requiring that employees lodge their claims within 21 days. Once the Deed Administrators adjudicate on employee claims, they are required to issue the Deed Proponents with a notice confirming the amount required to payout employee claims in full. The Deed Proponents are required to remit payment to the Deed Administrators within 7 days of receiving the notice, following which the employee claims will be promptly paid in full.
8. The DOCA also provides for the dividend to unsecured creditors to be increase to 30 cents in the dollar if the following conditions precedent are satisfied or waived:
 - a) DPN Condition – The ATO providing a release to the Directors in relation to their DPNs; and
 - b) Participation Condition – RA confirming that the Company's right to participate in the SRPC carried on by the joint venture consisting of RA and NZ Rugby Union Inc.One or both conditions may be waived at by the Deed Proponents in their absolute discretion.

Further, whilst not technically defined in the Conditions Precedent, the terms of the Deed proposal include a third condition in relation to the recapitalisation of the Company being:

- The Investor Group will make available funding to the Company
 - That the Deed Proponents will procure that the Company makes offers of employment to the Nominated Employees
 - The Deed Administrators and the Investor Group will procure a transfer of some or all of the shares in the Company to the Investor Group.
9. In the event that RA does not provide a confirmation that would satisfy the Participation Condition within **30** days of the Execution Date, the Directors and the Deed Administrators will enter into good faith negotiations as to the basis (including as to funding) on which the Company will commence proceedings seeking declaratory relief that the Participation Right remains in full force and effect.

If the Conditions Precedent are not satisfied or waived by a date **60** days after the Execution Date (**Election Date**), the Deed Proponents may by notice in writing extend the date for satisfaction of the Condition Precedents to a date not more than 60 days after the Election Date (or such longer period as the Deed Administrators allow) (**Extended Date**).

10. On the date the Conditions Precedent are either both satisfied or waived, control and management will return to the Directors. This date will be referred to as the Effective Date moving forward.
11. Within 7 days of the Effective Date, the Directors will transfer the Further Deed Contribution to the Deed Administrators enabling a dividend of 30 cents in the dollar to be paid on Deed Creditor claims. It should be noted that this payment will not be available unless the Conditions Precedent are satisfied prior to the timeframe noted above at point 9 and the 'third' condition detailed at point 8 is also met.
12. Within 30 days of the Effective Date:
- a) The Investor Group will make available funding to the Company funding of an amount to be agreed;
 - b) The Deed Proponents will procure that the Company makes offers of employment to the employees determined by the Investor Group as being necessary for the continued operation of the Company after the Effective Date
 - c) The Deed Administrators and the Investor Group will procure a transfer of the shares held in the Company to the Investor Group pursuant to Section 444G of the Act
13. The Deed provides for funding to be provided to the Deed Administrators by the Deed Proponents by way of a funding agreement to fund proceedings by the Company and its Directors in relation to:
- a) The partnership claims in relation to the ATO debt (refer to Section 5.7.2 of this Report)
 - b) The RA claims (refer to Section 5.7.1 of this Report)
- Full details of the funding proposal is detailed at Section 12 of the enclosed DOCA proposal
14. The Deed Administrators will make distributions from the General Deed Fund as follows:
- a) As soon as practicable after receiving the Employee Contribution Amount the Deed Administrators will pay the employees an amount equal to their entitlements;
 - b) On receipt of the Initial Contribution or the Initial Contribution Top-Up Payment should that be required, the Deed Administrators will promptly apply the Initial Contribution as follows:
 - i. firstly, all of the unpaid fees, expenses and costs of the Administrator from the Appointment Date to the Execution Date;
 - ii. secondly, all of the fees, expenses and costs of the Deed Administrators as and when they are reasonably incurred; and
 - iii. thirdly, to make a distribution to Deed Creditors (other than Excluded Creditors).
 - c) Within 14 days of the Effective Date (if it occurs and subject to receipt of the Further Deed Contribution), the Deed Administrator will make a distribution to Deed Creditors (other than Excluded Creditors) so that each Deed Creditor receives distributions in aggregate equal to 30 cents in the dollar of their respective claims.
 - d) If the Effective Date does not occur by the End Date, the Deed Administrators will make further distributions to Deed Creditors from the General Deed Fund from Recoveries (if there are any litigation recoveries from RA) as follows:
 - i. distributions will be made to the Deed Creditors until those Deed Creditors have received, in aggregate, distributions equal to 35 cents in the dollar in relation to their claims; and
 - ii. distributions will then be made to the ATO solely.
 - e) No Excluded Creditor will be entitled to receive any distribution from the General Deed Fund unless the Deed Creditors receive payment in full of their claims.

9.3. Deed Contributions

Pursuant to the terms of the DOCA proposal, the Deed Proponents are required to make the following cash contributions to the Company:

Deed Contribution	Timing
Initial Contribution	Within 7 days of the DOCA being executed
Employee Contribution	Within 7 days of receiving an Employee Contribution Notice
Further Deed Contribution	Within 7 days of the Effective Date (if applicable)

9.4. Estimated return to creditors

I estimate the following return to creditors under the Deed proposal:

Creditor Claim	Value of claims	Cents in \$	
		Low	High
Priority claims (employees)	1,311,259	100	100
Deed Creditors	15,562,190	15	30
Excluded Creditors	6,294,317	Nil	Nil

The estimated return to Deed Creditors and the ATO is highly contingent on whether the Company is able to satisfy the Conditions Precedent. In the summary table above, the Low Case is on the basis that the Conditions Precedent are not satisfied whilst the High Case assumes they are. Each scenario is detailed further below:

9.4.1. High Case – Conditions Precedent Satisfied

The terms of the DOCA provide for:

- A distribution of 100 cents in the dollar to be paid on priority (employee) claims; and
- A distribution of 30 cents in the dollar to be paid on Deed Creditors' claims.

9.4.2. Low Case – Conditions Precedent unable to be satisfied

The terms of the DOCA provide for:

- A distribution of 100 cents in the dollar to be paid on priority (employee) claims;
- A distribution of at least 15 cents in the dollar to be paid to Deed Creditors; and
- Funding to be provided to the Deed Administrator to pursue the RA Claims.

Given the complexity of the RA claims, I have elected to not attribute a value to these claims at this time. Any amounts recovered from RA (net of costs) would represent additional funds that would be available to creditors where the Conditions Precedent are not satisfied. To this end, the terms of the DOCA provide for the following additional distributions to be paid from funds recovered from RA:

- Firstly, distributions will be made to the Deed Creditors until those Deed Creditors have received, in aggregate, distributions equal to 35 cents in the dollar in relation to their claims; and
- Secondly, any additional funds will be distributed to the ATO.

The proposed DOCA Low Case prioritises the ATO over all other unsecured creditors once the dividend reaches 35 cents. However, as it still delivers the non-ATO creditors more than the likely liquidation outcome of 9 cents, I do not consider the non-ATO creditors are prejudiced by this compared to the liquidation alternative.

While various potential claims have been identified by the Directors, I have not had sufficient funding to undertake detailed investigations or obtain legal advice on the merits and prospects of success of these claims, nor the likely commercial benefit of obtaining litigation funding to pursue these potential claims. Accordingly, all or none of the potential claims may ultimately proceed.

9.5. Deed general information

If creditors decide to vote for a Deed:

- the Company must sign/execute the Deed within 15 business days of the Second Meeting, otherwise the Company automatically proceeds into liquidation. The Court can allow longer time if required.
- unsecured creditors will be bound by the Deed, even if they vote against it.
- property owners, lessors, and secured creditors who vote in favour will be bound by the Deed.
- the Court can bind any creditor to the Deed.

10. Estimated return to creditors

10.1. Summary Position

The table below is a comparison of the estimated returns to creditors under a 'high', 'medium' and 'low' liquidation scenario, and a 'high' and 'low' DOCA scenario.

Creditor Class	Liquidation cents in \$			Deed cents in \$		Distribution Timeframe	
	Low	Medium	High	Low	High	Liquidation	Deed
Priority claims (employees)	Nil	100	100	100	100	1-4 years	1-2 months
Deed Creditors	Nil	9.31	37.56	15	30	2-4	2-12 months
Excluded Creditors	Nil	9.31	37.56	Nil	Nil	2-4	N/A

The proposed Deed provides for a specific distribution rate to be paid to various classes of creditors. In this regard, I do not propose to provide creditors with a detailed estimated return to creditors under the Deed scenario.

Please refer to section 10.3 of this Report for my analysis on the returns available in a liquidation scenario.

10.2. Litigation

The estimated outcome under the Liquidation scenarios is heavily reliant upon a liquidator commencing litigation to prosecute potential claims. In the proposed DOCA, it is likely that litigation would be required to deliver the High Case return as I do not consider the conditions precedent will be satisfied, while the Low Case return does not require litigation.

While various potential claims have been identified, I have not had sufficient funding to undertake detailed investigations or obtain legal advice on the merits, prospects of success and likely commercial benefit of obtaining litigation funding to pursue these potential claims.

Accordingly, under each scenario ultimately, some, all or none of the potential claims may proceed which may affect the estimated outcome for each class of creditor.

10.3. Liquidation

Tabled overleaf is a comparison of the estimated returns to creditors under a 'high', 'medium' and 'low' case liquidation scenario. Based on the assumptions detailed in the notes below, I estimate that a Liquidation will provide for the following returns to creditors:

- 0 to 100 cents in the dollar on priority (employee) claims; and
- 0 to 37.56 cents in the dollar on unsecured creditor claims.

Whilst I provide the range to demonstrate what the potential outcomes of a liquidation appointment may be, I consider that my medium case scenario represents my best estimate on potential outcomes, being a distribution of 100 cents in the dollar on priority (employee) claims and 9.31 cents in the dollar for unsecured creditor claims.

	Notes	Liquidation		
		Low (\$)	Medium (\$)	High (\$)
Recoveries				
Cash at bank	1	17,301	17,301	17,301
Claim against Rugby Australia	2	TBC	TBC	TBC
Funding:				
Funding from Rugby Australia	3	450,000	450,000	450,000
Extension Application Funding	3	100,000	100,000	100,000
Director Funding (Specific to Extension)	3	150,000	150,000	150,000
Liquidator Claims - Insolvent Trading / Director Duties	4	-	8,000,000	16,873,449
Liquidator Claims - Voidable transactions	5	320,000	600,000	910,669
Plant and equipment	6	80,000	80,000	80,000
Total Recoveries		1,117,301	9,397,301	18,581,419
Administration costs				
Administrator's costs up until the Second Meeting	7	(646,729)	(646,729)	(646,729)
Contingency for costs	8	(15,000)	(15,000)	(15,000)
Insurance	9	(57,500)	(57,500)	(57,500)
Legal costs - Insolvent trading claim	10	(450,000)	(1,000,000)	(1,000,000)
Legal costs - Liquidation	11	(200,000)	(150,000)	(150,000)
Legal costs - VA period	12	(405,000)	(385,000)	(365,000)
Liquidator's costs	13	(250,000)	(250,000)	(250,000)
Liquidator's costs - Specific to Insolvent trading claim	14	(250,000)	(600,000)	(600,000)
Litigation funder's commission	15	-	(2,400,000)	(5,062,035)
Trading expenses - VA period	16	(300,000)	(300,000)	(300,000)
Total Administration costs		(2,574,229)	(5,804,229)	(8,446,264)
Net assets available for priority creditors		Nil	3,593,072	10,135,155
Priority employee claims		1,311,259	1,311,259	1,311,259
Funding advances - Section 560	17	164,828	164,828	164,828
Total Priority Claims		1,476,087	1,476,087	1,476,087
Return on priority claims (cents in the dollar)		Nil	100	100
Distribution Timing	18	N/A	1-4 years	1-4 years
Net Assets available for participating unsecured creditors		Nil	2,116,985	8,659,068
Unsecured creditor claims:		22,461,679	22,741,679	23,052,348
Statutory debts		12,566,480	12,566,480	12,566,480
Related parties		6,294,317	6,294,317	6,294,317
Other creditors		2,995,710	2,995,710	2,995,710
Unfair preference recoveries	19	320,000	600,000	910,669
Funding advances	17	285,172	285,172	285,172
Return on unsecured creditor claims		Nil	9.31	37.56
Distribution Timing		N/A	2-4 years	2-4 years

Notes

1. I recovered \$17.3k from the Company's pre-appointment bank account held with Westpac.
2. As outlined at Section 5.2.3 of this Report, I have been provided with documentation from the Directors in relation to two claims they purport should be pursued against RA in the amount of \$8.09m.

Given the uncertainty regarding whether these claims relate to avenues of recovery and that the claims would be available under both Liquidator / Deed Administration scenarios, I have elected to not attribute a value to these claims under either scenario at this time. Any amounts recovered from RA (net of costs) would represent additional funds that would be available to creditors.

3. Funding of \$700k has been received by the Administrator throughout the course of the administration. Of this, \$450k was received from RA to fund some of the Company's operations for a short period (refer Section 5.4 of this Report) and \$250k has been received from the Directors to fund the extension application and some cost incurred as a direct result of the extension to the convening period (refer Section 5.8 of this Report).
4. As outlined at Section 8.2, I anticipate that if a liquidator is appointed there may be an insolvent trading claim of up to \$16.8m that could be pursued against the Directors. Further investigations are required to quantify the exact amount of the claim. It should be noted that where creditors resolve for the Company to execute a DOCA an insolvent trading claim would not be available as an avenue of recovery.
5. As outlined at Section 8.1, I anticipate that if a liquidator is appointed there may be voidable transactions of \$911k that could be pursued against various parties. I estimate that it would be realistic to recover between \$320k and \$600k from these claims which considers any defences that may be raised as well as the potential for commercial settlements of these types of claims to avoid the uncertainty and cost associated with litigation.
6. The Company's tangible assets have been sold to RA for \$80k (plus GST) on an 'as is, where is' basis. The sale price is between the auction value and market value for these assets, and selling to RA avoided me incurring significant selling costs such as removal expenses, advertising and agent's commission that are ordinarily incurred in an auction sale.
7. The Administrator's fees are detailed in the Remuneration Report enclosed within this Report. I am seeking that creditors approve the following remuneration requests at the Second Meeting:

Period	Amount (Excluding GST)
<u>Voluntary Administration</u>	
Resolution 1: 29 January 2024 to 21 April 2024	\$559,284
Resolution 2: 22 April 2024 to 3 May 2024	\$82,445
Resolution 3: 4 May 2024 to the execution of the Deed of Company Arrangement	\$99,415
Total VA remuneration sought	\$741,144

8. Creditors should be aware that I am currently still in the process of quantifying the total expenses of the administration. In this regard, I have included a general contingency that will account for any additional costs that I otherwise have not recognised.
9. I have taken out insurance policies on behalf of the Company required for the period after my appointment and made payment of an insurance policy in place at my appointment to the protect the interests of creditors.
10. As outlined throughout this Report, litigation can be expensive, lengthy and with uncertain outcomes. In this regard, I have estimated that I would incur approximately \$1m in legal fees in the event that I am required to pursue the insolvent trading claim in Court.
11. Legal fees for the Liquidation scenarios are an estimate only. I anticipate that I will require legal advice to assess the merits of the claims against RA, amongst other things.
12. Legal fees for the Administration period are an estimate only. I have received legal advice on a number of issues to date including, but not limited to, the Funding Deed, Deed proposal, employee entitlements and the RA claims.

13. This is my best estimate of my fees for undertaking the role as liquidator of the Company. It should be noted that the Liquidation remuneration request does not factor in the costs in pursuing an insolvent trading claim. Given the uncertainty regarding this particular claim, my intention would be to report to creditors in due course on the work undertaken and seek remuneration approval at that time.
14. Please note that this is my best estimate of what a Liquidator's remuneration may be for pursuing the insolvent trading claim. A liquidator will be required to undertake a considerable amount of work to determine the date of insolvency and quantify what debts were incurred post this date and remain unpaid. Furthermore, should legal proceedings be required a Liquidator will be required to file a substantial amount of material with the Court including a detailed solvency report.
15. As outlined at Section 8.2.2, litigation carries with it the risk of an uncertain outcome and can be expensive. In this regard, given the limited amount of assets available for a Liquidator to recover in this matter it would be highly likely that a Liquidator would be required to obtain litigation funding to pursue this claim in Court.

Litigation funders generally require a significant share of the proceeds of any judgement as a condition of funding the litigation. Based on my experience, I anticipate that a claim of this nature would attract a funding premium of around 30%.
16. I incurred significant trading expenses whilst I traded the Company's operations between 29 January 2024 and 14 February 2024. I am still finalising the accounting of actual costs incurred, however, it should be noted that these expenses were funded by RA as part of the Funding Deed.
17. Pursuant to the terms of the Funding Deed entered into with RA, the funding amount provided (\$450k) may become repayable to RA in the event a distribution is made to creditors in a liquidation scenario (but not under a DOCA scenario). Whilst I am obtaining legal advice on the priority of any repayment of the funding amount to RA, I expect that funds advanced and utilised to meet employment costs (ie. wages, superannuation and annual leave) may be afforded priority under section 560 of the Act, and the balance of the funding will be treated as an ordinary unsecured debt of the Company and paid pari passu with the other ordinary unsecured claims against the Company (if a distribution is made to this class of creditor).
18. Employees should note that although the estimated timing of a return to priority unsecured creditors is 1-4 years in a liquidation scenario, should the Company be placed into liquidation at the Second Meeting, employees will be eligible to submit a claim under the FEG scheme with respect to their unpaid employee entitlements (excluding superannuation). This process usually takes around four months. The DEWR (who administers the FEG scheme) would then step into the position of the employees for any payments made to employees with respect to their unpaid employee entitlements.
19. In the event of any successful recoveries made against creditors with respect to unfair preference payments in a liquidation scenario, the claims of those creditors will increase by any amount recovered from them by the liquidator. Any affected creditor will be entitled to submit a claim for this increased amount.

11. Administrator's opinion

I am of the opinion that it is in the creditors' best interests that the Company **execute the proposed DOCA**. My opinion of each option available to creditors is discussed below.

11.1. Liquidation

As detailed above, I am of the opinion that creditors should not vote that the Company be wound up.

My reasons for this opinion are as follows:

- Any return to creditors in a liquidation scenario is subject to the successful recovery of the insolvent trading claim against the Directors, and potential claims against RA;
- The Directors and RA have advised that they intend to defend any claims issued against them and that a liquidator would be required to file legal proceedings in relation to any claim(s). Litigation carries with it the risk of an uncertain outcome and can be expensive. Accordingly, there is a genuine risk that the recovery action for insolvent trading claims and the RA claims will not be successful.
- Legal proceedings can be long and drawn out. In this regard, it is likely that a dividend to creditors would not be paid to any type of creditor for between 2 to 4 years.
- An appointed liquidator will be unfunded. Accordingly, a liquidator would require litigation funding in order to pursue the insolvent trading claim and RA claims.
- The estimated return to creditors is expected to be higher to participating unsecured creditors of the DOCA than in the medium liquidation scenario. It should be noted that I consider the medium analysis to be the likely outcome.

A liquidator (if appointed) would be in a position to conduct detailed investigations into the circumstances leading up to the appointment of the Administrator. A liquidator will be empowered to:

- assist employees in applying for FEG for the payment of certain employee entitlements that cannot otherwise be funded by the Company;
- pursue various potential recoveries under the Act, such as the voidable transaction and the insolvent trading claims identified earlier in this Report;
- complete further detailed investigations into:
 - the Company's dealings, property, financial circumstances and affairs; and
 - actions of the Directors;
- pursue various potential recoveries under the Act, such as the voidable transaction and the insolvent trading claims identified earlier in this Report;
- distribute recoveries made in accordance with the priority provisions of the Act; and
- report findings to ASIC pursuant to the Act.

11.2. Deed

On 11 April 2024, I received from the Deed Proponents a draft term sheet for their proposed DOCA. After various discussions with the Directors and their advisors on the proposed DOCA, on 24 April 2024 I received an updated term sheet which is discussed in section 9 and included at **Appendix C**.

It is my opinion that it is in the best interest of creditors that the Company execute a Deed of Company Arrangement consistent with the term sheet and this report. The key reasons for my recommendation are as follows:

- It provides for the prompt payment of employee entitlements in full.
- The estimated return to unsecured creditors entitled to participate in the proposed Deed (i.e., all creditors other than those who agree to be Excluded Creditors) is a minimum of 15 cents, which is greater than the likely outcome in a liquidation of 9 cents in the dollar. I consider that the medium liquidation scenario set out in this report is the 'likely' outcome if creditors resolve for the Company to be wound up.

- The minimum return under the Deed is not contingent on the outcome of litigation, and as such provides for greater certainty of a return and in a quicker timeframe than could be expected in liquidation.
- The actual return to creditors in a liquidation could be materially lower than what is estimated under the proposed Deed as it requires the successful recovery of the insolvent trading claim against the Directors as well as potential claims against RA.
- A liquidator will need to seek third party funding to pursue any claims, including insolvent trading and the RA claims. Litigation funders generally require a significant share of the proceeds of any judgement as a condition of funding the litigation. In the Deed scenario, the Deed Proponents will provide funding to pursue the RA claims without the requirement to pay a funding premium to litigation funders in event that the Deed Administrators considers there a commercial benefit in pursuing these claims.
- The proposed Deed also has the potential for higher returns to be paid to unsecured creditors – a total of 30 cents in the dollar if two conditions precedent are satisfied or waived. Further, the low case scenario would increase if there are successful litigation recoveries from RA. I have not attributed any value to this potential upside when forming my opinion to recommend the proposed DOCA given there is no certainty that these higher returns will eventuate.

I am of the view that the likely return to creditors under the proposed Deed will provide a materially better outcome for creditors than a winding up.

11.3. Administration to end

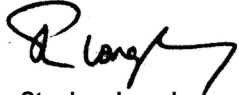
I am of the opinion that is not in the best interest of creditors to end the administration.

While my investigations are continuing, it is evident that the Company is insolvent and unable to pay its debts as and when they fall due. Accordingly, returning control of the Company to the Directors would be inappropriate in the present circumstances.

12. Enquiries

Should you have any enquiries please contact Hope Hourigan of my office by email at on +61 3 8603 0512 or by email at hope.hourigan@au.pwc.com.

DATED this 24th day of April 2024



Stephen Longley
Administrator

Appendices

Appendix A – Notice of Meeting of Creditors

**MELBOURNE REBELS RUGBY UNION PTY LTD
(ADMINISTRATOR APPOINTED) (THE COMPANY)
ACN 140 597 066**

NOTICE OF MEETING OF CREDITORS

NOTICE is given that the second meeting of the creditors of the Company will be held at **2:00pm (AEST) on Friday, 3 May 2024**. The meeting will be held by virtual meeting technology only.

A G E N D A

1. to receive the report by the Administrator about the business, property, affairs and financial circumstances of the Company.
2. to receive a statement the Administrator's opinion and reasons for the opinion:
 - a. whether it would be in the creditors' interests for the Company to execute a Deed of Company Arrangement
 - b. whether it would be in the creditors' interests for the administration of the Company to end
 - c. whether it would be in the creditors' interests for the Company to be wound up
3. to receive a statement of such other information known to the Administrator as will enable the creditors to make an informed decision about the matters at paragraphs 2(a) – (c) above.
4. to receive details of the proposed Deed of Company Arrangement.
5. for the creditors of the Company to resolve that:
 - a. the company execute a Deed of Company Arrangement; or
 - b. the administration should end; or
 - c. the company be wound up.
6. to determine the remuneration of the Administrator.
7. to consider appointing a Committee of Inspection and if so, who are to be the Committee members.
8. any other business that may be lawfully brought forward.

Proxies to be used at the meeting need to be submitted by email to hope.hourigan@au.pwc.com by **4:00pm AEST on Thursday, 2 May 2024**. A creditor can only be represented by proxy or by an attorney pursuant to sections 75-150 & 75-155 of the IPR and if a body corporate by a representative appointed pursuant to Section 250D of the Corporations Act 2001.

In accordance with section 75-85 of the IPR, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the Company and that claim has been admitted for voting purposes wholly or in part by the Administrator. Proofs of Debt to be used at the meeting need to be submitted by email to hope.hourigan@au.pwc.com by **4:00pm AEST on Thursday, 2 May 2024**.

DATED this 24th day of April 2024.



Stephen Longley
Administrator

PricewaterhouseCoopers
2 Riverside Quay
SOUTHBANK VIC 3006

Section 75-85 of the Insolvency Practice Rules (Corporations) 2016:

Entitlement to vote at meetings of creditors

- (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 – Declaration of Independence, Relevant Relationships and Indemnities

Melbourne Rebels Rugby Union Pty Ltd
ACN 140 597 066
(Administrator Appointed) (the Company)

Further to the Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) dated 31 January 2024, a replacement DIRRI has been prepared to notify creditors of a change in circumstances, rendering the previous DIRRI out-of-date.

On 19 March 2024, Martin Ford resigned as a joint and several administrator of the Company. Notice of Mr. Ford's resignation as a joint and several administrator has been lodged with the Australian Securities and Investments Commission. As a result of Mr. Ford's resignation, I, Stephen Longley, will become the solely appointed administrator of the Company.

Replacement Declaration of Independence, Relevant Relationships, and Indemnities

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

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

This declaration is made in respect of myself, the partners and staff of PricewaterhouseCoopers (**PwC**), and all members of the PwC global network in Australia.

I am a professional member of the Australian Restructuring Insolvency and Turnaround Association (**ARITA**). I acknowledge that I am bound by the ARITA Code of Professional Practice (**CoPP**).

A. Independence

I, Stephen Longley of PricewaterhouseCoopers, 2 Riverside Quay, Southbank VIC 3006, have assessed my independence and I am not aware of any reasons that would prevent me from continuing this appointment as the appointed administrator of the Company.

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

In the event that a potential threat to my independence arises, we will seek independent legal advice or court directions if appropriate.

In the event that this declaration needs to be updated, I will provide a replacement DIRRI in accordance with the *Corporations Act 2001* (**Act**) and the ARITA CoPP.

B. Circumstances of appointment

i. How this appointment was referred

This appointment was referred by Rugby Australia (RA) as potential voluntary administrators of the Company. I understand RA was provided with the names of potential voluntary administrators by Morgan Kelly of Ernst & Young Australia.

The referral to the Company by RA was made as the Company required advice regarding the insolvency processes and options available to it.

I believe that the referral does not result in a conflict of interest or duty because RA:

- has not previously referred any insolvency related matters to my firm.
- There was no expectation, agreement, or understanding between me and EY Australia regarding the conduct of the administration and I am free to act independently and in accordance with the law and applicable professional standards.

- I have no current nor previous relationships with the directors of the Company, other than the pre-appointment communications described below.

ii. Meetings with the Company, the Company's directors and the Company's advisors before our appointment

Prior to the appointment, our firm had the following interactions with the Company, its directors and advisors during the period 28 January 2024 to 29 January 2024:

- On 28 January 2024, Martin Ford of PwC, a former joint and several administrator of the Company, received a call from Owain Stone, a director of the Company, who advised that he had been provided Martin Ford's details by RA and requested our attendance at a meeting with the Company's board. Text messages were exchanged following this call to confirm the timing of the meeting as midday of that same day.
- Later that same day (28 Jan 2024), Martin Ford and Stephen Longley of PwC met with the members of the Company's board: Neil Hay, Owain Stone and Lyndsey Cattermole to discuss the Company's current situation and advise on the option of a potential voluntary administration process.
- On 29 January 2024, we corresponded with Owain Stone via both emails and telephone. Martin Ford and Aaron Sonnberger of PwC met with Owain Stone to discuss the Company's financial position and obtain further information regarding the Company's circumstances leading up to this date.
- On that same day (29 January 2024), Martin Ford emailed the documents required to be executed by the board of the Company to appoint Martin Ford and Stephen Longley as voluntary administrators.
- Later on 29 January 2024, Owain Stone provided the executed documents to appoint Martin Ford and Stephen Longley as voluntary administrators to the Company by email.

In my opinion, I believe that the pre-appointment engagement and interactions do not result in a conflict of interest or duty because:

- The Courts and the ARITA Code of Professional Practice (COPP) specifically recognise the need for practitioners to discuss the insolvency process and the options available prior to an appointment and do not consider that such discussions result in a conflict or an impediment to accepting the appointment.
- The nature of the pre-appointment engagement and interactions with the Company was such that I would not expect them to be subject to review and challenge during the administration.
- The pre-appointment engagement and interactions will not influence my ability to be able to fully comply with the statutory and fiduciary obligations associated with the administration of the Company in an objective and impartial manner.

I have not provided any other information or advice to the Company or the Directors prior to my appointment, beyond that outlined in this DIRRI.

C. Declaration of Relationships

Within the previous 24 months, have we, or our firm, had a relationship with:			Disclosure reference (if applicable)
The Company?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes	I have not had any other interaction with the Company and/ or its directors beyond that outlined above at B(ii) of this DIRRI.
The Company' directors?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes	
Associates of the Company?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes	
A former insolvency practitioner appointed to the Company?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes	
A secured creditor entitled to enforce security over the whole or substantially the whole of the Company property?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	C(i)

Do we have any other relationships that we consider are relevant to creditors assessing our independence?			Disclosure reference (if applicable)
Relationships with the Company or its Associates beyond the immediately past 24 months?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes	
Material creditors of the Company?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	C(ii)
Other?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes	

C(i) Relationships with a secured creditor entitled to enforce security over the whole or substantially whole of the Company's property

Prior professional relationship with secured creditor	Reasons why no conflict of interest or duty
<p>Listed in the Company's Personal Property Securities Register (PPSR) are several secured creditors that PwC Australia has held or continues to hold an ongoing professional relationship with:</p> <ul style="list-style-type: none"> Coates Hire Operations Pty Ltd holds security interests over all the Company's property. PwC Australia has provided and continues to provide audit and consulting services to Coates Group Holdings Pty Limited and its subsidiaries (Coates Group). HP Financial Services (Australia) Pty Ltd (HP) holds security interest over all the Company's property. PwC Australia was previously engaged to provide consulting services to HP in about January 2020 for a one-time fee of about \$35k + GST. Custom Service Leasing Pty Ltd holds security interest over all the Company's property. PwC Australia has provided and continues to provide tax and consulting services to Custom Service Leasing Pty Ltd. Macquarie Leasing Pty Ltd. PwC Australia has provided and continues to provide audit and consulting services to its ultimate holding company Macquarie Group Limited. 	<p>I believe that these relationships do not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> These engagements were not in relation to the Company and/or the directors' affairs, or related parties of the Company and/or the directors. The prior services provided by PwC will not influence my ability to fully comply with the statutory and fiduciary obligations associated with the administration of the Company in an objective and impartial manner. There are no obligations or arrangements arising from PwC Australia's engagements with Coates Group that could be perceived to influence the outcome of engagements (eg commissions). I am free to act independently and in accordance with the law and applicable professional standards. I have professional relationships with numerous banks and financial institutions operating in Australia, including these secured creditors listed in the PPSR.

C (ii) Other relationships

Other relationship – material creditor of the Company	Reasons why no conflict of interest or duty
<p>The Australian Taxation Office (ATO) is a significant creditor of the Company.</p> <p>I, together with other Insolvency Practitioners within PwC, have relationships with various legal firms that act for the ATO and are responsible for referring potential appointments to us where the ATO is the petitioning creditor.</p>	<p>I believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> • Neither me nor members of my firm have previously undertaken any work on behalf of the ATO (or any legal firm) in respect of the Company or its Associates. • The relationship will not influence my ability to fully comply with the statutory and fiduciary obligations associated with the external administration of the Company in an objective and impartial manner.
<p>Melbourne and Olympic Parks Trust (MOPT) may be a significant creditor of the Company. MOPT's ultimate parent is the State Government of Victoria.</p> <p>PwC Australia has previously provided financial assurance services to MOPT in 2022.</p>	<p>I believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> • Neither me nor members of my firm have previously undertaken any work on behalf of the MOPT in respect of the Company or its Associates. • The relationship will not influence my ability to fully comply with the statutory and fiduciary obligations associated with the external administration of the Company in an objective and impartial manner.

Other relationship – material stakeholder of the Company	Reasons why no conflict of interest or duty
<p>Rugby Australia Ltd</p> <p>PwC Australia has previously provided consulting services to RA in 2023</p>	<p>I believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> • Neither me nor members of my firm have previously undertaken any work on behalf of RA in respect of the Company or its Associates. • The relationship will not influence my ability to fully comply with the statutory and fiduciary obligations associated with the external administration of the Company in an objective and impartial manner.

D. Indemnities and up-front payments

I have not received any other indemnities or up-front payments for this appointment. This does not include any indemnities that I may be entitled to under the law.

While it is not an up-front payment or indemnity required to be included in this DIRRI, I also confirm the disclosure provided to creditors at the first meeting that a Funding Deed was entered into with Rugby Australia on 1 February 2024 which provided \$450,000 to cover the costs of trading MRRU's business until 14 February 2024. The Funding Deed provided funding for the following costs:

- a) Staff payroll and associated employment expenses

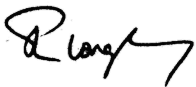
- b) Operational costs such as medical supplies, laundry services and food and nutrition for the players
- c) Contractor costs (including doctors, psychologists, digital marketers), and
- d) Partial funding of the Administrator's costs and disbursements (including legal fees) for the period

The Funding Deed was also disclosed to creditors and the Federal Court of Australia as part of our application to extend the convening period for the second meeting of creditors.

Furthermore, the directors of the Company paid an amount of \$100,000 into our solicitor's trust account to meet the costs of the application to the Court seeking orders to extend the period within which the Administrator must convene the second meeting of the Company's creditors (including the Administrator's remuneration and legal costs). It is estimated that our remuneration in dealing with the extension application amounted to \$45,000 (plus GST).

Additionally, on 21 February 2024, the directors of the Company agreed to various conditions with respect to the extension of the convening period. One of these conditions was that funding to meet the reasonable costs of the administration for the extension (including the Administrator's remuneration) must be provided to the Administrator. To date, no funding has been provided in this respect.

Dated this 20th day of March 2024



Stephen Longley
Administrator

Note:

1. 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.
2. If circumstances change, or new information is identified, I am required under the Corporations Act 2001 or Bankruptcy Act and ARITA's Code of Professional Practice to update this Declaration and provide a copy to creditors or the Committee of Inspection with my next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors or Committee of Inspection. For creditors' voluntary liquidations and voluntary administrations, this document and any updated versions of this document are required to be lodged with ASIC.

Appendix C – Deed of Company Arrangement Proposal

**PROPOSAL BY THE DIRECTORS
FOR A DEED OF COMPANY ARRANGEMENT
MELBOURNE REBELS RUGBY UNION PTY LTD ACN 140 597 066 (administrator appointed)
(Company)**

1	Definitions	<p>In this Deed Proposal:</p> <p>Act means the <i>Corporations Act 2001</i> (Cth).</p> <p>Action means any actions, suits, causes of action, proceedings or claims, whether under statute or otherwise, directly or indirectly arising out of or relating to the Company.</p> <p>Administrator means Stephen Longley in his capacity as voluntary administrator of the Company.</p> <p>Appointment Date means the date that the Administrator was appointed as voluntary administrator of the Company.</p> <p>Associated Entities has the meaning given in section 50AAA of the Act.</p> <p>ATO means the Australian Taxation Office.</p> <p>Bar Date has the meaning in item 9 of this Deed Proposal.</p> <p>Business Days means any day that isn't a Saturday, Sunday or public holiday in the State of Victoria.</p> <p>Claim means any unsecured debt payable by, and any unsecured claims against, the Company (present or future, certain or contingent, ascertained or sounding only in damages), being unsecured debts or claims where the circumstances giving rise to which occurred on or before the Appointment Date and that would be admissible to prove against the Company in accordance with Division 6 of Part 5.6 of the Act, if the Company had been wound up and the winding up is taken to have commenced on the Appointment Date.</p> <p>Company has the meaning given in item 2 of this Deed Proposal.</p> <p>Conditions Precedent means the DPN Condition and the Participation Condition.</p> <p>Creditor means a person who, or entity that, has a Claim against the Company.</p> <p>Deed means a Deed of Company Arrangement reflecting this Deed Proposal.</p>
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		<p>Deed Administrators has the meaning given in item 6 of this Deed Proposal.</p> <p>Deed Creditor means any Creditor that has a Claim, other than an Excluded Creditor.</p> <p>Deed Period means the period commencing the Execution Date to either the date of termination or otherwise the date the DOCA is effectuated.</p> <p>Deed Proponents means the Directors and the Investor Group.</p> <p>Deed Proposal means this proposal for a deed of company arrangement, or such other proposal as may be agreed in writing between the Deed Proponents, the Company and the Administrator.</p> <p>Directors means Georgia Widdup, Neil Hay, Gary Gray, Lyndsey Cattermole, Tim North, Owain Stone and Paul Docherty.</p> <p>DPN Condition has the meaning given in item 8 of this Deed Proposal.</p> <p>DPNs means the director penalty notices issued to the Directors by the ATO on or around 20 November 2023 and any earlier director penalty notices that have been issued to the Directors and not withdrawn.</p> <p>Effective Date means the date on which the Conditions Precedent are both satisfied or waived.</p> <p>Election Date has the meaning given in item 10 of this Deed Proposal.</p> <p>Employee means any employee of the Company at the Appointment Date.</p> <p>Employees Entitlements means entitlements owed by the Company to the Employees as at the Appointment Date, except to the extent those entitlements have been discharged or assumed by a third party.</p> <p>End Date means the Election Date or, if the Deed Proponents make an election to extend the date for satisfaction of the Conditions Precedent, the Extended Date.</p> <p>Execution Date means the date in which the DOCA is executed by the Company and any other parties to it in accordance with section 444B of the Act.</p> <p>Extended Date has the meaning given in item 10 of this Deed Proposal.</p> <p>Excluded Creditors means the Directors, the Associated Entities of the Directors, Rugby Initiatives Pty Ltd and any other Creditor who consents to being an Excluded Creditor.</p> <p>FEG has the meaning given in item 5 of this Deed Proposal.</p>
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		<p>Funding Agreement means a funding agreement on materially superior terms than would otherwise be available to a liquidator under which the relevant funder agrees to fund the Company to undertake the Proceedings.</p> <p>Further Deed Contribution means an amount that will be sufficient, when aggregated with the Initial Contribution, to pay Deed Creditors (including the ATO) the amount of \$0.30 in the \$1.00.</p> <p>General Deed Fund means:</p> <ul style="list-style-type: none">a) the Initial Contribution;b) the Employee Contribution Amount;c) the Further Deed Contribution; andd) the Recoveries. <p>Initial Contribution means a payment to Deed Administrators that will be sufficient to:</p> <ul style="list-style-type: none">a) Satisfy all approved fees and expenses of the Administrator and the Deed Administrators; andb) Pay Deed Creditors the amount of \$0.15 in the \$1.00. <p>Initial Contribution Top-Up Payment has the meaning given in item 9 of this Deed Proposal.</p> <p>Investor Group means the Directors, Mr Leigh Clifford AC, and a group of high net worth individuals.</p> <p>Nominated Employees means those Employees determined by the Investor Group as being necessary for the continued operation of the Company after the Effective Date.</p> <p>Other RA Claims means other potential Actions by the Company against Rugby Australia in relation to the ongoing funding and administration of the Super Rugby competition and the purported termination of the Company's participation in that competition.</p> <p>Participation Condition has the meaning given in item 8 of this Deed Proposal.</p> <p>Participation Right means the right of the Company to participate in the Super Rugby Competition carried on by the joint venture consisting of RA and NZ Rugby Union Inc.</p> <p>Player means an employee of MRRU who was contracted as a full-time professional rugby player.</p>
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		<p>Proceedings means the proposed proceedings by the Company and its Directors against Rugby Australia concerning the Tax Liability Issue and the Other RA Claims.</p> <p>Recoveries means all amounts recovered from RA under or in respect of the Proceedings less amounts payable by the Company under the Funding Agreement.</p> <p>Regulations means the <i>Corporations Regulations 2001</i> (Cth) made under the Act.</p> <p>Rugby Australia means Rugby Australia Limited.</p> <p>Tax Liability Issue means issue relating to the correct party which has responsibility for that part of the \$11.5 million (approximate) debt owed to the ATO relating to Pay As You Go withholding liabilities, which is in dispute between Rugby Australia, the Company and the ATO.</p>
2	Company subject to the DOCA	Melbourne Rebels Rugby Union Pty Limited (Administrators Appointed) ACN 140 597 066 (Company).
3	Parties to the DOCA	The Company The Administrator The Directors The Investor Group
4	Proponent of the DOCA	Deed Proponents
5	Overview and purpose of DOCA	<p>The purpose of this Deed Proposal is to provide for the business, property and affairs of the Company to be administered in a way that will provide a better outcome for Creditors when compared to a liquidation of the Company including by delivering the following outcomes:</p> <p>a) In respect of all Creditors, an improved outcome by virtue of an initial contribution which purpose is to meet all costs and expenses of the voluntary administrators in full up to and including the signing of this DOCA (noting that these costs and expenses are afforded a priority to all creditors and will otherwise dilute the pool of assets available to meet creditor claims from future recoveries in the liquidation alternative) together with arrangements to fully fund the Deed Administrators in a manner which does not dilute available assets for Creditors (discussed below).</p>

		<p>b) In respect of Employees, a full return. The proposed Deed will avoid the necessity for Employees to claim on the Fair Entitlement Guarantee Scheme (FEG) or for the Commonwealth Government to stand in to meet these claims. It will accelerate Employee recovery of their Employee Entitlements noting that payment to Employees under the proposed Deed can be achieved in one month as opposed to FEG which is likely to take three to four months. It is also noted that the ability of certain Employees to claim against FEG is capped and they would be materially worse off in a liquidation compared to this proposal.</p> <p>c) In respect of the ATO, a definitive outcome commensurate with all other unsecured creditors and which is achievable in an uncontentious and expedited manner.</p> <p>d) In respect of all Deed Creditors, the opportunity to receive a meaningful expeditious return above liquidation by reason of the payment of the Initial Contribution and, subject to satisfaction of the Conditions Precedent, the payment of the Further Deed Contribution, the Excluded Creditors subordinating their direct Claims, and the concessional funding agreement in relation to the Proceedings.</p>
6	Administrator of the DOCA	Stephen Longley and Michael Fung of PricewaterhouseCoopers will be appointed as the Deed Administrators (Deed Administrators).
7	Powers of the Deed Administrator	The Deed Administrators will have all powers contained in paragraph 2 of Schedule 8A to the Regulations.
8	Conditions Precedent	<p>The obligations of the Directors and the Investor Group set out in item 11 are subject to and conditional on:</p> <p>a) the ATO providing a release of the Directors in respect of the DPNs (DPN Condition); and</p> <p>b) RA confirming in writing that the Participation Right remains, or the Court making a declaration that the Participation Right is, in full force and effect (Participation Condition).</p> <p>One or both of the DPN Condition and the Participation Condition may be waived by the Deed Proponents in their absolute discretion.</p>
9	Initial Contributions	a) The Deed Proponents shall pay the Initial Contribution to an account nominated by the Deed Administrators within 7 days of the Execution Date.

		<p>b) Within 7 days of the Execution Date, the Deed Administrators will request Employees to file formal proofs of debt or claims for Employee Entitlements (Entitlement Claims) (and the Administrator will inform the ATO of the amount required for it to prove on behalf of Employees for unpaid superannuation). The Administrator will require the Entitlement Claims to be filed on or before 21 days of the request by the Administrator (Bar Date).</p> <p>c) Within 7 days of the Bar Date, or such further period required by the Deed Administrators, the Deed Administrators will provide a notice in writing (Employee Contribution Notice) to the Directors specifying the amount required to meet the Employee Entitlements of Employees in full (Employee Contribution Amount).</p> <p>d) Within 7 days of the Employee Contribution Notice being issued, the Directors are to fund an account nominated by the Deed Administrators with the Employee Contribution Amount.</p> <p>e) The Deed Proponents note that the Employee Contribution Amount intends to discharge the claims of priority creditors, to the extent that there are any.</p> <p>f) To the extent that the Initial Contribution amount paid in accordance with item 9(a) of this Deed Proposal becomes insufficient to satisfy the amount required to make the distributions in accordance with item 13(b) of this Deed Proposal so that a shortfall arises (Initial Contribution Shortfall), within 14 days of receiving a written notice of the Initial Contribution Shortfall from the Deed Administrators, the Deed Proponents agree to make any additional payments necessary, in accordance with item 9(a) to eliminate the Initial Contribution Shortfall (Initial Contribution Top-Up Payments). For the avoidance of doubt, the Deed Administrators can request as many Initial Contribution Top-Up Payments as required to address any Initial Contribution Shortfall. For all substantive purposes the Initial Contribution Top-Up Payment is to be treated as part of the Initial Contribution.</p>
10	Satisfaction of Conditions Precedent	<p>As soon as practicable after the Execution Date, the Directors will:</p> <p>a) enter into negotiations with RA in relation to satisfaction of the Participation Condition; and</p> <p>b) enter into negotiations with the ATO in relation to the DPN Condition, to the extent that those Conditions Precedent were not satisfied prior to the Execution Date.</p>

		<p>The Directors will keep the Deed Administrators informed as to the progress of the negotiations.</p> <p>In the event that RA does not provide a confirmation that would satisfy the Participation Condition within 30 days of the Execution Date, the Directors and the Deed Administrators will enter into good faith negotiations as to the basis (including as to funding) on which the Company will commence proceedings seeking declaratory relief that the Participation Right remains in full force and effect.</p> <p>If the Conditions Precedent are not satisfied or waived by a date 60 days after the Execution Date (Election Date), the Deed Proponents may by notice in writing extend the date for satisfaction of the Condition Precedents to either:</p> <ul style="list-style-type: none"> (a) a date not more than 60 days after the Election Date; or (b) any other date consented to by the Deed Administrators in their absolute discretion (together, Extended Date). <p>If the Conditions Precedent are not satisfied or waived by the End Date, the Deed Proponents will have no obligations under item 11.</p>
<p>11</p>	<p>Recapitalisation of the Company</p>	<p>On the Effective Date, control and management of the Company will return to the Directors.</p> <p>Within 7 days of the Effective Date, the Directors will transfer the Further Deed Contribution to the Deed Administrators</p> <p>Within 30 days of the Effective Date:</p> <ul style="list-style-type: none"> a) the Investor Group will make available to the Company initial funding (together with a binding commitment to provide additional funding) <u>sufficient to allow MRRU to operate in the ordinary course of business for a period of two years;</u> b) the Deed Proponents will procure that the Company makes offers of employment to the Nominated Employees; and c) the Deed Administrators and the Investor Group will procure a transfer of some or all (as agreed between the Deed Administrators and the Investor Group) of the shares in the Company to the Investor Group under section 444G of the Act. <p>If, for whatever reason, the Deed Proponents are unable to satisfy the obligations under item 11, then it is to be treated as if the Condition Precedents were not satisfied or waived.</p>

12	Funding and Conduct of Litigation	<ul style="list-style-type: none">a) Within 7 days of the Execution Date, the Directors will deliver to the Deed Administrators an executed Funding Agreement.b) The terms of the executed Funding Agreement need to be acceptable to the Deed Administrators and include, <i>inter alia</i>, an indemnity from the Funder to the Deed Administrators in respect of any loss suffered by reason of the Proceedings such as, for example, an adverse costs order.c) Primary carriage and control of the Proceedings including the power to appoint and instruct solicitors, determine litigation strategy (including any pre-litigation settlement discussions), to make calls under the Funding Agreement and to file evidence will be the responsibility of the Directors in the following circumstances:<ul style="list-style-type: none">i. if the Conditions Precedent are satisfied or waived, from the Effective Date; orii. if the Conditions Precedent are not satisfied or waived, from the End Date; oriii. if the Deed Proponents are unable to satisfy the obligations under item 11, from the End Date.d) For the avoidance of doubt, item 12(c) does not prevent the Directors from commencing the declaratory proceedings referred to in item 8(b) of this Deed Proposal (but subject always to item 9).e) Subject to the Funding Agreement being executed, the provision of a Senior Counsel prospects advice by the Deed Proponents to the Deed Administrators and any other reasonable requirements of the Deed Administrators, the Deed Administrators are to co-operate with the Directors in respect of the Proceedings, but the Deed Administrators are not required to take any steps that are contrary to their statutory duties or would be in breach of PwC's litigation risk and ethics policies.f) The Directors shall ensure that the Deed Administrators are updated, in writing, of the progress of the Proceedings on, at least, a fortnightly basis.g) The Deed Administrators have the ability to terminate the Deed if the Funding Agreement is not executed within 90 days of it being delivered to the Deed Administrators in accordance with item 12(a).h) For the avoidance of doubt, any Recoveries (less any monies payable by the Company under the Funding Agreement) are to be paid directly into an account approved by the Deed Administrators. The Recoveries
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		<p>are then to be distributed in accordance with item 13(d) of this Deed Proposal.</p> <p>i) For the avoidance of doubt, if the Condition Precedents are satisfied or waived, the Deed Proponents have no obligations to commence the Proceedings prior to the effectuation of the Deed.</p>
<p>13</p>	<p>Distribution to Creditors</p>	<p>The Deed Administrators will make distributions from the General Deed Fund as follows:</p> <p>a) As soon as practicable after receiving the Employee Contribution Amount, the Deed Administrators will pay the Employees an amount equal to their Employee Entitlements;</p> <p>b) On receipt of the Initial Contribution or any Initial Contribution Top-Up Payment, the Deed Administrators will promptly apply the Initial Contribution as follows:</p> <ol style="list-style-type: none"> i. firstly, all of the unpaid fees, expenses and costs of the Administrator from the Appointment Date to the Execution Date; ii. secondly, all of the fees, expenses and costs of the Deed Administrators as and when they are reasonably incurred; and iii. thirdly, to make a distribution to Creditors (other than Excluded Creditors). <p>c) As soon as practicable after the Effective Date (if it occurs and subject to receipt of the Further Deed Contribution), the Deed Administrators will commence the process to make a distribution to Deed Creditors (other than Excluded Creditors) so that each Deed Creditor receives distributions in aggregate equal to \$0.30 in the \$1.00 of their respective Claims.</p> <p>d) If the Effective Date does not occur by the End Date, the Deed Administrators will make further distributions to Deed Creditors from the General Deed Fund from Recoveries as follows:</p> <ol style="list-style-type: none"> i. distributions will be made to the Deed Creditors until those Deed Creditors have received, in aggregate, distributions equal to \$0.35 in the \$1.00 in relation to their Claims; and ii. distributions will then be made to the ATO solely. <p>e) No Excluded Creditor will be entitled to receive any distribution from the General Deed Fund unless the Deed Creditors (including the ATO) receive payment in full of their Claims.</p>

		<p>f) For the avoidance of doubt, nothing in this Deed, prevents the Administrators from paying outstanding superannuation to the ATO in respect of the Employees.</p> <p>g) The intention is that any amount received by the ATO is applied in reduction to the longest outstanding tax debts owed under the DPNs, The Deed Administrators agree to use their best endeavours to achieve that outcome.</p>
14	Termination of the DOCA for other reasons	<p>The Deed will terminate on the earliest to occur of:</p> <p>a) an order of the Court under section 445D of the Act;</p> <p>b) a resolution of the Creditors of the Company at a meeting convened under Division 75 of Schedule 2 to the Act to terminate the Deed.</p> <p>In the event the Deed terminates other than by being wholly effectuated, the sums paid into the Deed are not refundable under any circumstances.</p>
15	Moratorium	<p>During the Deed Period:</p> <p>a) the ATO can however pursue any claim they have against the Directors subject to any release given by the ATO as contemplated by this Deed Proposal.</p> <p>b) The Deed fully extinguishes the Creditor's Claims.</p> <p>c) For the avoidance of doubt, during the term of the Deed, the moratorium in sections 440A, 440D and 440F of the Act will apply to bind all Creditors and members of the Company in relation to Claims arising on or before the Relevant Date.</p>
16	Effectuation of the Deed	<p>The Deed will be considered wholly effectuated at the earlier of:</p> <p>(a) if the Conditions Precedent pursuant to item 10 of this Deed Proposal are satisfied or waived, the Deed will be wholly effectuated when the distributions to creditors are made in accordance with item 13(c) of this Deed Proposal; or</p> <p>(b) if the Conditions Precedent pursuant to item 10 of this Deed Proposal are not satisfied or waived, the Deed will be wholly effectuated when the Proceedings have been finalised and any Recoveries are distributed to Deed Creditors in accordance with item 13d) of this Deed Proposal.</p>

17	Prescribed Provisions	The Deed will include the provisions of Schedule 8A to the Regulations only to the extent they are required by the Deed Administrators for the administration and effectuation of the Deed in accordance with the Deed.
18	General	<p>The Deed will incorporate the necessary content and mechanics to give effect to this Deed Proposal, including standard boilerplate clauses found in a Deed of this type, which have not otherwise been set out in this Deed Proposal and will include provisions relating to:</p> <ul style="list-style-type: none"> a) the effect of the Deed on officers and members of the Company; b) liability and remuneration and indemnity of the Deed Administrators; c) the reporting requirements of the Deed Administrators; d) the circumstances where the Deed Administrators may or is required to convene a meeting of creditors; e) resignation and replacement of the Deed Administrator; and f) confirmation that the Deed Administrators are acting as agents of the Company and are not personally liable for claims and expenses reasonably and properly incurred by the Company during the Deed Period.
19	Governing Law	This Deed will be governed by the laws of the State of Victoria.
20	Deed Administrators' remuneration	The Deed Administrators will only be remunerated for his services at his usual hourly rate in accordance, and/or consistent, with Division 60 of Schedule 2 to the Act.
21	Variation of the DOCA	The Deed may be varied by a resolution passed at a meeting of Creditors but only if the variation is not materially different from the proposed variation set out in the notice of that meeting.
22	Books and records of the Company	<p>The Deed Administrators will have full access to all the Company's books and records until the termination of the Deed, at which time he will hand over such books and records to the directors of the Company.</p> <p>The Deed Proponents may, at any time, and upon reasonable notice to the Deed Administrators, inspect the books and records of the Company and the Deed Administrators agree that, to the extent that it is reasonably necessary, the Deed Proponents may take copies of the books and records of the Company.</p>

23	Acknowledgement	The Deed Proponents and the Company acknowledge that the terms set out in this Deed Proposal are subject to the obligations the Administrator (and the Deed Administrator) have to Creditors under law.
24	Preparation of the Deed Documents and costs	The Deed Proponents' lawyers will prepare the Deed (if approved).

Appendix D – Remuneration Approval Report

**Melbourne Rebels Rugby Union Pty Ltd
(Administrator Appointed)
(the Company)**

ACN 140 597 066

Remuneration Approval Report

24 April 2024

Disclaimer

This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration.

You should read this report and the other documentation that we have sent you and then attend the Second Meeting of Creditors in order to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, you are also able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a specific proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised.

Information about the meeting of creditors is provided in the Voluntary Administrator's report.

Contents

Disclaimer	1
1 Declaration	3
2 Executive Summary	3
3 Remuneration	4
3.1 Remuneration	4
3.2 Details of remuneration	4
3.3 Total remuneration reconciliation	4
3.4 Likely impact on dividends	5
3.5 Remuneration recovered from external sources	5
4 Disbursements	5
4.1 Disbursements	6
4.2 Internal disbursement claim	6
4.3 Future basis of disbursements	7
5 Summary of receipts and payments	7
6 Queries	7
Appendices	
Appendix A Calculations of remuneration schedule	
Appendix B Table of major tasks for remuneration	
Appendix C Summary of receipts and payments	

1 Declaration

I, Stephen Longley of PricewaterhouseCoopers have undertaken a proper assessment of this remuneration claim for my appointment as Administrator of the Company in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the external administration.

2 Executive Summary

To date, no remuneration has been approved or paid in this administration.

This remuneration report details approval sought for the following fees and internal disbursements:

Period	Report reference	Amount (ex. GST)
Current remuneration approval sought:		
Voluntary Administration		
Resolution 1: 29 January 2024 to 21 April 2024	Schedule A1 & B1	\$559,284.00
Resolution 2*: 22 April 2024 to 3 May 2024	Schedule A2 & B2	\$82,445.00
Resolution 3*: 4 May 2024 to the execution of the Deed of Company Arrangement (if applicable)	Schedule A3 & B3	\$99,415.00
Total Remuneration Approval Sought		\$741,144.00
Internal Disbursements		
Resolution 4: 29 January 2024 to completion of the external administration	Section 4	\$5,000.00

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

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

Fees actually incurred will be calculated on the Time Based / Hourly Rates method and only time properly incurred will be charged.

3 Remuneration

3.1 Remuneration

I will be seeking approval of the following resolutions to approve my remuneration. Details to support these resolutions are included in section 3.2 and the attached schedules.

Resolution 1

“That the remuneration of the Administrator is approved for the period from 29 January 2024 to 21 April 2024 of \$559,284.00 (excluding GST) as set out in the Remuneration Approval Report dated 24 April 2024 to be drawn from available funds immediately or as funds become available.”

Resolution 2

“That the remuneration of the Administrator is approved for the period from 22 April 2024 to 3 May 2024 up to a maximum of \$82,445.00 (excluding GST) as set out in the Remuneration Approval Report dated 24 April 2024 to be drawn from available funds as incurred or as funds become available.”

Resolution 3

“That the remuneration of the Administrator is approved for the period from 4 May 2024 to the execution of the Deed of Company Arrangement up to a maximum of \$99,415.00 (excluding GST) as set out in the Remuneration Approval Report dated 24 April 2024 to be drawn from available funds as incurred or as funds become available.”

Future remuneration is approved subject to a maximum or cap. Sometimes the actual cost of the administration will exceed the maximum which has been approved, in which case, we may seek another resolution for additional remuneration. We will not pay any amount exceeding the maximum without this approval.

Creditors should note that the future remuneration being sought at the second meeting of creditors is an estimate of my remuneration until the execution of the deed of company arrangement, if approved by the creditors. The estimate is based on matters known to date, however, given the complex nature of the administration and the uncertainty of the amount of work required to finalise the proposal for a deed of company arrangement (if approved by creditors), this estimate is subject to change. Should my remuneration for actual work incurred not reach the amount sought, I will only pay remuneration for time actually incurred.

Where funds are available, I will usually pay approved remuneration at intervals not less than one month. Where funds are not available, remuneration will not be paid.

3.2 Details of remuneration

The basis of calculating the remuneration claims are summarised in Schedule **A1, A2 & A3** of **Appendix A**.

The details of the major tasks performed and the costs associated with each of those major tasks are contained in Schedule **B1, B2 & B3** of **Appendix B**.

3.3 Total remuneration reconciliation

In the Initial Remuneration Notice sent to creditors on 31 January 2024, it was estimated that the administration would cost between \$350,000 and \$400,000 (excluding GST) for the standard administration period. Remuneration incurred for the standard administration period was lower than what was estimated in the Initial Remuneration Notice.

Notwithstanding, the total remuneration to the end of the administration is expected to be higher than the initial estimate as the estimate was for the standard administration period only (usually around five weeks), however, an extension to the convening period was granted by the Court. Accordingly, the length of the administration has been extended for a period of up to 60 days and additional costs have been incurred in this respect.

Additionally, the complexity of the administration has required the expertise of more senior members of the administration.

3.4 Likely impact on dividends

The *Corporations Act 2001* (the **Act**) sets the order for payment of claims against the Company, and it provides for remuneration of the external administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the external administrator receives 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.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover, the amount of contributions made under the Deed of Company Arrangement proposal and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority unsecured creditors such as employees.

A breakdown of the Administrator's estimated return to creditors of the Company in both a deed of company arrangement and liquidation scenario is provided in section 10 of the Voluntary Administrator's report to creditors.

3.5 Remuneration recovered from external sources

On 1 February 2024, a Funding Deed was entered into between the Company, the Administrators and Rugby Australia Ltd (**RA**). This Funding Deed provided funding to cover, amongst other things, a portion of the Administrator's remuneration, capped at \$120,000.00 (excluding GST) for the conduct of the administration. This funding has been received from RA.

Furthermore, the directors of the Company paid an amount of \$100,000.00 into my solicitor's trust account to meet the costs of the application to the Court seeking orders to extend the period within which the Administrator must convene the second meeting of the Company's creditors (including the Administrator's remuneration and legal costs). I confirm that this funding was received on 4 April 2024.

Additionally, on 21 February 2024, the Administrator and the directors of the Company agreed to various conditions with respect to the extension to the convening period. One of these conditions was that the directors must provide funding to meet the reasonable costs of the administration for the extension (including the Administrator's remuneration). Funding in the amount of \$150,000.00 was received from the directors on 8 April 2024 in this respect.

4 Disbursements

Disbursements are divided into three types:

- **External professional services** - these are recovered at cost. An example of an external professional service disbursement is legal fees.
- **External non-professional costs** – these are recovered at cost. Examples of external non-professional costs are travel, accommodation and search fees.
- **Firm non-professional disbursements** such as photocopying, printing and postage. These disbursements, 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.

I am not required to seek creditor approval for costs paid to third parties or for disbursements where I am recovering a cost incurred on behalf of the external administration but I must account to creditors. Creditors have the right to question the incurring of the disbursements and can challenge disbursements in court.

I have undertaken a proper assessment of disbursements claimed for the Company, in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.

I am required to obtain creditor consent for the payment of internal disbursements where there may be a profit or advantage. Creditors or the COI will be asked to approve our internal disbursements where there is a profit or advantage prior to these disbursements being paid from the administration.

4.1 Disbursements

The following disbursements have been incurred by my Firm for the period for the period 29 January 2024 to 21 April 2024 at the rates set out in Section 4.3 but not yet paid from the Administration.

Disbursements incurred (but not paid)	Total (\$) (excluding GST)
Internal disbursements:	
Members forum costs	2,974.00
Total internal disbursements	2,974.00
External disbursements:	
Rugby costs	827.18
Search fees	35.11
Total external disbursements	862.29
Total disbursements (excluding GST)	3,836.29

4.2 Internal disbursement claim

Resolution 4

“That the internal disbursements claimed by PricewaterhouseCoopers for the period 29 January 2024 to the completion of the external administration, calculated at the rates set out in the Remuneration Approval Report dated 24 April 2024 are approved for payment and capped in the amount of \$5,000.00 (excluding GST).”

4.3 Future basis of disbursements

Future disbursements provided by my firm will be charged to the administration on the following basis:

Basis of disbursement claim

Disbursements	Rate (excluding GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements:	
Internal firm non-professional costs	At cost
Staff vehicle use	78 cents per kilometre for first 150km of return trip and 40 cents per kilometre thereafter
ASIC Industry Funding Levy	\$77.64 per notifiable event

5 Summary of receipts and payments

The summary of receipts and payments for the period from 29 January 2024 to 21 April 2024 is contained in **Appendix C**.

6 Queries

Please contact Ms Hope Hourigan on +61 499 168 988 or by email at hope.hourigan@au.pwc.com should you have any further queries or require any further information.

You can access additional information on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at <http://asic.gov.au/regulatory-resources/insolvency/insolvency-information-sheets/>

DATED this 24th day of April 2024.



Stephen Longley
Administrator

Appendices

Appendix A Calculations of remuneration schedule

Appendix B Table of major tasks for remuneration

Appendix C Summary of receipts and payments

Appendix B Table of major tasks for remuneration

Schedule B1

Resolution 1

The below table provides a description of the work undertaken in each major task area for the period 29 January 2024 to 21 April 2024.

Task Area	General description	Includes
Assets 101.3 hours \$77,023.00	Deed of Company Arrangement	Holding discussions with potential DOCA proponents regarding proposal and requirements of same Liaising with other key stakeholders regarding potential DOCA proposal Various discussions and meetings with legal advisors regarding potential proposals Reviewing and analysing multiple draft term sheets for proposal for a Deed of Company Arrangement Discussions and negotiations with potential DOCA proponents regarding acceptable terms of proposed DOCA Considering and analysing DOCA proposals and undertaking scenario analysis
	Plant & Equipment	Securing equipment located on the Company's premises Obtaining and analysing valuations on the Company's equipment and motor vehicles Negotiating sale of the Company's equipment Preparing, negotiating and entering into Asset Sale Agreement for the sale of the Company's equipment Receipt of sale proceeds
	Cash at bank	Securing cash at bank held with Westpac Banking Corporation
	Leasing	Reviewing leasing documents Liaising with owners/lessors of property
	Creditor Enquiries	Dealing with creditor enquiries Maintaining creditor enquiry files Reviewing and preparing correspondence to creditors and their representatives
Creditors 343.4 hours \$212,670.50	Secured creditor reporting	Searching PPSA register and notifying PPSA registered creditors of appointment Liaising with secured creditors Responding to secured creditor's queries
	Creditor reports	Preparing and circulating initial report to creditors pursuant to Section 436E of the Act Preparing Voluntary Administrator's report pursuant to Section 75-225(3) of the Insolvency Practice Rules (Corporations) 2016
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements Forwarding notice of meeting to all known creditors Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting Conducting first meeting of creditors Preparing and lodging of minutes of first meeting with ASIC

Table of major tasks for remuneration

Task Area	General description	Includes
		Responding to stakeholder queries and questions following meetings
	Meeting of Committee of Inspection (COI)	Forwarding notice of first meeting to COI members Conducting the first meeting of the COI Preparing and lodging minutes of the first meeting of the COI with ASIC Forwarding notice of second meeting to COI members Conducting the second meeting of the COI Preparing and lodging minutes of the second meeting of the COI with ASIC Responding to COI member queries
	Extension to the convening period	Liaising with the directors of the Company and their legal representation regarding the extension application Collating materials required for the extension application Negotiating conditions of the extension with the Company's directors Applying to the Court and obtaining an Order extending the period in which the Administrators are required to convene the Second Meeting, including the preparation of a detailed affidavit in support of the application Liaising with solicitors and Counsel in relation to the extension to the convening period Attending at hearing Preparing correspondence to the creditors of the Company advising of the Administrators' intention to make such an application to the Court and notifying them of the outcome of the application
	Shareholder / Club Member enquiries	Responding to shareholder and club member queries Holding a Members' Forum to provide club members with an update on the administration
	Employees enquiries	Receiving and following up employee enquiries Reviewing and preparing correspondence to employees and their representatives
Employees 44.5 hours \$21,340.00	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and Company's books and records Preparing and circulating correspondence to employees regarding their unpaid employee entitlements Liaising with and responding to employee queries regarding their unpaid employee entitlements Reconciling superannuation accounts Liaising with solicitors regarding entitlements Liaising with the Australian Taxation Office regarding the outstanding superannuation Reviewing documents and liaising with solicitors and other parties regarding player employment obligations and unpaid player entitlements
Trade On 186.0 hours \$114,771.50	Trade on Management	Cost cutting and operational efficiencies Implementing processes for the payment of suppliers Liaising with suppliers Liaising with management and staff Attendance on site Monitoring trading performance Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Discussions with staff and management regarding cash requirement for ongoing trading Reviewing and approving staff payroll Preparing and lodging single touch payment lodgements with the ATO Reviewing and discussing employee expenses with Management Liaising with the Company's landlord to allow for continued access to the facilities

Table of major tasks for remuneration

Task Area	General description	Includes
		<p>Liaising with suppliers and contractors to facilitate trade on services to the business</p> <p>Liaising with suppliers and contractors to prepare invoices and vendor creation forms for payment</p> <p>Reviewing and reconciling membership fees received during trade on period and liaising with RA on same</p>
	Funding Agreement	<p>Preparing forecasts to understand funding requirements</p> <p>Liaising with and negotiating with Rugby Australia regarding the level of funding required</p> <p>Negotiating and executing the Funding Agreement with Rugby Australia</p> <p>Preparing funding analysis</p> <p>Preparing accounting of funding</p> <p>Reviewing and considering application of Funding Deed and any return to funder in various circumstances</p>
	Processing receipts and payments	<p>Entering receipts and payments into accounting system</p>
	Supplier payments	<p>Corresponding with suppliers during for the trade on period</p> <p>Implementing purchase order system</p> <p>Reviewing and authorising purchase orders</p> <p>Preparing and maintaining purchase order register</p> <p>Commencing closure of trading accounts and settling trading expenses</p>
	Budgeting and financial reporting	<p>Reviewing Company's budgets for trading period</p> <p>Preparing and monitoring trade on budgets</p> <p>Preparing and maintaining cashflow forecasts</p> <p>Meetings with management and staff to discuss trading position and trading requirements</p>
Investigation 120.4 hours \$76,244.00	Conducting investigations	<p>Collecting Company books and records including obtaining access to the Company's management accounting system</p> <p>Liaising with the Company's former auditor and obtaining records regarding same</p> <p>Reviewing books and records</p> <p>Reviewing Report on Company Activities and Property</p> <p>Reviewing and preparation of company nature and history</p> <p>Conducting and summarising statutory searches</p> <p>Preparing comparative financial statements</p> <p>Reviewing specific transactions and liaising with directors and management regarding certain transactions</p> <p>Conducting investigations to identify indicators of insolvency and possible claims for insolvent trading and quantum of same, breaches of director duties and voidable transactions</p> <p>Reviewing documents and conducting investigations into other potential claims which may be available</p> <p>Multiple meetings with various parties regarding potential claims available</p> <p>Preparing and maintaining investigation file</p> <p>Liaising with solicitors and reviewing and considering advice regarding potential claims available</p>
	Correspondence	<p>Attending to general correspondence not related to other tasks</p>
Administration 103.5 hours \$57,235.00	Document maintenance/file review/checklist	<p>Conducting administration and file reviews</p> <p>Filing of documents</p> <p>Updating checklists</p>
	Insurance	<p>Reviewing and confirmation of adequacy of cover</p> <p>Identification of potential issues requiring attention of insurance specialists</p> <p>Corresponding with insurer regarding initial and ongoing insurance requirements</p>

Table of major tasks for remuneration

Task Area	General description	Includes
		<ul style="list-style-type: none"> Reviewing insurance policies Preparing and authorising payment vouchers
	Bank account administration	<ul style="list-style-type: none"> Preparing correspondence opening accounts Requesting bank statements Bank account reconciliations
	ASIC Forms and lodgements	<ul style="list-style-type: none"> Preparing and lodging ASIC forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> Notification of appointment
	Planning / Review	<ul style="list-style-type: none"> Discussions regarding status of administration
Total		
899.1 hours		
\$559,284.00		

Table of major tasks for remuneration

Schedule B2

Resolution 2

The below table provides a description of the work undertaken in each major task area for the period 22 April 2024 to 3 May 2024.

Task Area	General description	Includes
Assets 44.5 hours \$33,065.00	Deed of Company Arrangement	Further review and analysis of draft term sheet and updated draft terms for proposal for a Deed of Company Arrangement Liaise with proposers regarding draft proposal Hold discussions and meetings with legal advisors regarding proposal Hold discussions with other key stakeholders regarding draft proposal Further negotiate terms of proposal Liaise with proponent's solicitors and advisors regarding draft proposal
	Creditor Enquiries	Respond to creditor enquiries Maintain creditor enquiry files Review and prepare correspondence to creditors and their representatives
Creditors 77.0 hours \$44,985.00	Creditor reports	Finalise and distribution of the Voluntary Administrator's report pursuant to Section 75-225(3) of the Insolvency Practice Rules (Corporations) 2016 Finalise estimated return to creditors in various scenarios to include in report
	Meeting of Committee of Inspection (COI)	Liaising with COI members including providing updates on the status of the administration to the COI members
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Adjudicating on claims for voting purposes at the second meeting of creditors
	Meeting of Creditors	Preparation of meeting notice, proxies and advertisement Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Hold second meeting of creditors Responding to stakeholder queries and questions prior to and following meeting
	Shareholder enquiries	Respond to shareholder enquiries
Employees 5.0 hours \$2,735.00	Employees enquiries	Receive and follow up general employee enquiries Review and prepare correspondence to employees and their representatives Receive and respond to employee enquiries regarding unpaid employee entitlements and voting at the meeting of creditors
	Correspondence	Attend to general correspondence not related to other tasks
Administration 4.5 hours \$1,660.00	Document maintenance/file review/checklist	File documents Update checklists
	Insurance	Correspondence with insurer regarding ongoing insurance requirements
	Bank account administration	Bank account reconciliations
	ASIC Forms and lodgements	Prepare and lodge ASIC forms
	Planning / Review	Discussions regarding status of administration
Total		
131.0 hours		
\$82,445.00		

Table of major tasks for remuneration

Schedule B3

Resolution 3

The below table provides a description of the work undertaken in each major task area for the period 4 May 2024 to the execution of the Deed of Company Arrangement (if applicable).

Task Area	General description	Includes
Assets 101.5 hours \$73,150.00	Deed of Company Arrangement	Liaise with Deed of Company Arrangement proponent regarding terms of deed proposal Negotiate the detailed Deed of Company Arrangement with Deed Proponents and their advisors Liaise with other key stakeholders regarding terms of the DOCA Liaise with solicitors regarding full form DOCA Finalise Deed of Company Arrangement Executing Deed of Company Arrangement
Creditors 36.5 hours \$21,290.00	Creditor Enquiries	Deal with creditor enquiries Review and prepare correspondence to creditors and their representatives, including update on outcome of second meeting of creditors and timeframe to execute DOCA Correspondence and discussions with committee of inspection members on progress of DOCA negotiations
	Shareholder enquiries	Respond to shareholder enquiries
Employees 5.5 hours \$2,990.00	Employees enquiries	Receive and follow up employee enquiries Review and prepare correspondence to employees and their representatives
Administration 5.0 hours \$1,985.00	Correspondence	Attend to general correspondence not related to other tasks
	Document maintenance/file review/checklist	File documents Update checklists Internal strategy meetings
	Insurance	Correspondence with insurer regarding ongoing insurance requirements
	Bank account administration	Bank account reconciliations
	ASIC Forms and lodgements	Preparing and lodging ASIC forms
	Planning / Review	Discussions regarding status of administration
Total 148.5 hours \$99,415.00		

Appendix C Summary of receipts and payments

Summarised Receipts & Payments

**Melbourne Rebels Rugby Union Pty Ltd
(Administrators Appointed)**

From 29 January 2024 To 21 April 2024

	Amount (\$) (Incl. GST)
Receipts	
Cash at bank	17,301
Rugby Australia funding	450,000
Interest received	1,928
Extension to convening period funding	250,000
Plant & equipment	88,000
Total Receipts	807,228
Payments	
Superannuation paid	15,521
Net wages	116,573
Employee allowances	477
Staff expense reimbursements	3,844
Sub-contractor payments	24,743
Rugby costs	42,497
Utilities	713
Lease payments	1,539
Insurance	52,825
Legal fees	67,477
IT professional fees	4,220
Total Payments	330,428
Cash on Hand at 21 April 2024*	476,800

** Additional costs including trading costs, Voluntary Administrator's remuneration and legal fees have been incurred during this period but not paid. The cash on hand figure will reduce following payment of such costs.*

Appendix E – Proxy Form

**FORM 532
APPOINTMENT OF PROXY**

**MELBOURNE REBELS RUGBY UNION PTY LTD
(ADMINISTRATOR APPOINTED)
ACN 140 597 066 (THE COMPANY)**

A. Appointment of a proxy

I/We,,
(If a company, strike out "I" and set out full name of the company)

of,
(address)

a creditor of the Company identified above appoint.....

as my/our proxy, or in his/her absence....., to vote at the meeting of creditors to be held at 2:00pm AEDT on 3 May 2024 at a virtual meeting using virtual meeting technology, or at any adjournment of that meeting.

B. Voting directions

Option 1: If appointed as a general proxy, as he/she determines on my/our behalf
(Please proceed to section C, ie do not complete the table below)

and/or

Option 2: If appointed as a special proxy in the manner set out below:
(Please complete the table below before proceeding to section C)

No	Resolution	For	Against	Abstain
1	<i>"That the remuneration of the Administrator is approved for the period from 29 January 2024 to 21 April 2024 of \$559,284.00 (plus GST) as set out in the Remuneration Approval Report dated 24 April 2024 to be drawn from available funds immediately or as funds become available."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	<i>"That the remuneration of the Administrator is approved for the period from 22 April 2024 to 3 May 2024 up to a maximum of \$82,445.00 (plus GST) as set out in the Remuneration Approval Report dated 24 April 2024 to be drawn from available funds as incurred or as funds become available."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	<i>"That the remuneration of the Administrator is approved for the period from 4 May 2024 to the execution of the Deed of Company Arrangement up to a maximum of \$99,415.00 (plus GST) as set out in the Remuneration Approval Report dated 24 April 2024 to be drawn from available funds as incurred or as funds become available."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	<i>"That the internal disbursements claimed by PricewaterhouseCoopers for the period 29 January 2024 to the completion of the external administration, calculated at the rates set out in the Remuneration Approval Report dated 24 April 2024 are approved for payment and capped in the amount of \$5,000.00 (plus GST)."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	<i>The Company to execute a Deed of Company Arrangement</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	<i>The Administration should end (and control revert back to the Company directors)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	<i>The Company be wound up (i.e Liquidation)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	<i>To consider the appointment of a Committee of Inspection for the Company and who are to be appointed as committee members</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C. Signature (in accordance with Sections 127 or 250D of the Corporations Act 2001)

If the creditor is an individual

If the creditor is a company

.....

.....
Director/Company Secretary

Dated this day of 2024

.....
Print name

CERTIFICATE OF WITNESS

Please Note: *This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested 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 before he attached his signature or mark to the instrument.

Signature of witness: _____

Appendix F – Formal Proof of Debt form

FORM 535

FORMAL PROOF OF DEBT OR CLAIM

To the Administrator of Melbourne Rebels Rugby Union Pty Ltd (Administrator Appointed) ACN 140 597 066 (the Company)

1. This is to state that the company was, on 29 January 2024 and still is, justly and truly indebted to:

.....('Creditor')
(name of creditor)

.....
of (full address)

for \$.....(amount inclusive of GST)

Particulars of the debt are:

Date <i>(when the debt arose)</i>	Consideration <i>(how debt arose and attach supporting documentation)</i>	Assigned debt <i>(was this debt assigned to you?)</i>	Amount \$ <i>(if an assigned debt, the consideration paid)</i>

I have attached the following documents to substantiate my claim (*tick as many as appropriate*):

- Invoices Judgement from Court Letters of demand Orders from Company
 Monthly statements Statutory demand Credit application Guarantee from Company
 Assignment of debt Other – please specify.....

2. To my knowledge or belief the Creditor has not, nor has any person by the Creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:

(Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form)

Date	Drawer	Acceptor	Amount A\$	Due Date

3. Select one of the following options:

- I am **not** a related creditor of the Company
 I am a related creditor of the Company (eg director, relative of director, related company)

4. Signatory (*select one of the following options*)

- I am the Creditor personally.
 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, still remains unpaid and unsatisfied.
 I am the Creditor's agent authorised to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

Signature: Date:

Name: Phone number:

Address:

Appendix G – Information Sheets

Creditor Rights in Voluntary Administrations

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



Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

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

A voluntary administrator 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 voluntary administrator 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:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) the information requested would be privileged from production in legal proceedings
- (c) disclosure would found an action for breach of confidence
- (d) there is not sufficient available property to comply with the request
- (e) the information has already been provided
- (f) the information is required to be provided under law within 20 business days of the request
- (g) the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

Right to give directions to voluntary administrator

Creditors, by resolution, may give a voluntary administrator directions in relation to a voluntary administration. A voluntary administrator must have regard to these directions, but they are not required to comply with the directions.

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

An individual creditor cannot provide a direction to a voluntary administrator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a voluntary administrator's remuneration or a cost or expense incurred in a voluntary administration. 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 voluntary administration, in priority to creditor claims.

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

Right to replace voluntary administrator

At the first meeting, creditors have the right to remove a voluntary administrator and appoint another registered liquidator to act as voluntary administrator.

A creditor must ensure that they have a consent from another registered liquidator prior to the first meeting if they wish to seek the removal and replacement of a voluntary administrator.

Creditors also have the opportunity to replace a voluntary administrator at the second meeting of creditors:

- If creditors vote to accept a proposed deed of company arrangement, they can appoint a different registered liquidator as the deed administrator.
- If creditors vote to place the company into liquidation, they can appoint a different registered liquidator as the liquidator.

It is however usual for the voluntary administrator to act as deed administrator or liquidator. It would be expected that additional costs would be incurred by an alternate deed administrator or liquidator to gain the level of knowledge of the voluntary administrator.

Like with the first meeting, a creditor must ensure that they have a consent from another registered liquidator prior to the second meeting if they wish to seek to appoint an alternative registered liquidator as deed administrator or liquidator.

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

Voluntary Administration 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.
588G	Incurring liabilities while insolvent
588GAB	Officer's duty to prevent creditor-defeating disposition
588GAC	A person must not procure a company to make a creditor-defeating disposition
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.
596AB	Entering into an agreement or transaction to avoid employee entitlements.

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.

Creditor-defeating disposition

Creditor-defeating dispositions are the transfer of company assets for less than market value (or the best price reasonably obtainable) that prevents, hinders or significantly delay creditors' access to the company's assets in liquidation. Creditor-defeating dispositions are voidable by a liquidator.

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 or from members of a corporate group (Contribution Order).

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.

Queries about the voluntary administration should be directed to the administrator's office.

Information Sheet: Committees of Inspection

You have been elected to be, or are considering standing for the role of, a member of a Committee of Inspection (COI) in either a liquidation, voluntary administration or deed of company arrangement of a company (collectively referred to as an external administration).

This information sheet is to assist you with understanding your rights and responsibilities as a member of a COI.

What is a COI?

A COI is a small group of creditors elected to represent the interests of creditors in the external administration. The COI advises and assists the external administrator and also has the power to approve and request certain things – this is discussed in more detail below.

Membership of the COI is a voluntary, unpaid position.

Who can be elected to a COI?

To be eligible to be appointed as a member of a COI, a person must be:

- A creditor
- A person holding the power of attorney of a creditor
- A person authorised in writing by a creditor; or
- A representative of the Commonwealth where a claim for financial assistance has, or is likely to be, made in relation to unpaid employee entitlements.

If a member of the COI is a company, it can be represented by an individual authorised in writing to act on that creditor's behalf. It also allows the creditor to maintain its representation if a change in the individual is required

A COI usually has between 5 and 7 members, though it can have more, or less, depending on the size of the external administration.

A member of a COI can be appointed by:

- resolution at a meeting of creditors
- an employee or a group of employees owed at least 50% of the entitlements owed to employees of the company
- a large creditor or group of creditors that are owed at least 10% of the value of the creditors' claims,

If an employee or group of employees, or a large creditor or group of creditors, appoints a member to the COI, they cannot vote on the general resolution of creditors to appoint members to the COI. Each of these groups also have the power to remove their appointed member of the COI and appoint someone else.

If you are absent from 5 consecutive meetings of the COI without leave of the COI or you become an insolvent under administration, you are removed from the COI.

What are the roles and powers of a COI?

A COI has the following roles:

- to advise and assist the liquidator, voluntary administrator or deed administrator (collectively referred to as the external administrator)
- to give directions to the external administrator
- to monitor the conduct of the external administration.

In respect of directions, the external administrator is only required to have regard to those directions. If there is a conflict between the directions of the COI and the creditors, the directions of the creditors prevail. If the external administrator chooses not to comply with the directions of the COI, the external administrator must document why.

A COI also has the power to:

- approve remuneration of the external administrator after the external administrator has provided the COI with a Remuneration Approval Report (a detailed report setting out the remuneration for undertaking the external administration)
- approve the use of some of the external administrator's powers in a liquidation (compromise of debts over \$100,000 and entering into contracts over 3 months)
- require the external administrator to convene a meeting of the company's creditors
- request information from the external administrator
- approve the destruction of the books and records of the external administration on the conclusion of the external administration
- with the approval of the external administrator, obtain specialist advice or assistance in relation to the conduct of the external administration
- apply to the Court for the Court to enquire into the external administration.

An external administrator is not required to convene a meeting of creditors if the request by the COI is unreasonable, or provide requested information if the request is unreasonable, not relevant to the administration or would cause the external administrator to breach their duties.

A request to convene a meeting of creditors is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- there are insufficient funds in the external administration to cover the cost of the request
- a meeting of creditors dealing with the same matters has already been held or will be held within 15 business days, or
- the request is vexatious.

If a request for a meeting is reasonable, the external administrator must hold a meeting of creditors as soon as reasonably practicable.

A request for information is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- the information would be subject to legal professional privilege
- disclosure of the information would be a breach of confidence
- there are insufficient funds in the external administration to cover the cost of the request
- the information has been provided or is required to be provided within 20 business days, or
- the request is vexatious.

If the request for information is not unreasonable, the external administrator must provide the requested information within 5 business days, but the law provides for further time in certain circumstances.

An external administrator must inform the COI if their meeting or information request is not reasonable and the reason why.

How does the COI exercise its powers?

A COI exercises its powers by passing resolutions at meetings of the COI. To pass a resolution, a meeting must be convened and a majority of the members of the COI must be in attendance.

A meeting is convened by the external administrator by giving notice of the meeting to the members of the COI. Meetings of the COI can be convened at short notice. The external administrator must keep minutes of the meeting and lodge them with ASIC within one month of the end of the meeting.

ASIC is entitled to attend any meeting of a COI.

What restrictions are there on COI members?

A member of a COI must not directly or indirectly derive any profit or advantage from the external administration. This includes by purchasing assets of the company or by entering into a transaction with the company or a creditor of the company. This prohibition extends to related entities of the member of the COI and a large creditor(s) that appoints a member to the COI.

Creditors, by resolution at a meeting of creditors, can resolve to allow the transaction. The member of the COI or the large creditor(s) that appoints a member to the COI is not allowed to vote on the resolution.

Where can you get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency. This information is available from ARITA's website at www.arita.com.au/creditors.

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at www.asic.gov.au (search "insolvency information sheets").

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

www.pwc.com.au