

**IN THE FEDERAL COURT OF AUSTRALIA  
VICTORIA DISTRICT REGISTRY  
GENERAL DIVISION**

No: **(P)VID95/2010**

AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION  
Plaintiff

MARK RONALD LETTEN  
First Defendant

LGH HOLDINGS LIMITED (ACN 077 191 943)  
Second Defendant

211 WELLINGTON ROAD PTY LTD (ACN 092 663 860)  
Third Defendant

BLUEMIST HOLDINGS PTY LTD (ACN 097 306 922)  
Fourth Defendant

DELLWOOD HOLDINGS PTY LTD (ACN 098 505 803)  
Fifth Defendant

ENMORE ENTERPRISES PTY LTD (ACN 082 158 487)  
Sixth Defendant

FIRBANK ARCH PTY LTD (ACN 059 464 381)  
Seventh Defendant

GLENLINE PTY LTD (ACN 098 532 364)  
Eighth Defendant

GERLING HOLDINGS PTY LTD (ACN 091 726 457)  
Ninth Defendant

LGH ADMINISTRATION PTY LTD (ACN 077 165 069)  
Tenth Defendant

LGH FINANCE PTY LTD (ACN 078 859 248)  
Eleventh Defendant

LOW HEAD VILLAGE PTY LTD (ACN 091 731 958)  
Twelfth Defendant

NICHOLSON STREET PTY LTD (ACN 069 104 089)  
Thirteenth Defendant

HOLLOWAY CREST PTY LTD (ACN 091 731 967)  
Fourteenth Defendant

ROSEBERY ENTERPRISES PTY LTD (ACN 091 826 229)  
Fifteenth Defendant

SIMMS INVESTMENTS PTY LTD (ACN 093 504 511)  
Sixteenth Defendant

SY21 RETAIL PTY LTD (ACN 107 874 564)  
Seventeenth Defendant

THE GLEN CENTRE HAWTHORN PTY LTD (ACN 089 906 543)  
Eighteenth Defendant

CASTELLO HOLDINGS PTY LTD (ACN 088 204 175)  
Nineteenth Defendant

TWINVIEW NOMINEES PTY LTD (ACN 097 307 278)  
Twentieth Defendant

YARRA VALLEY GOLF PTY LTD (ACN 066 632 479)  
Twenty First Defendant

ADINA RISE PTY LTD (ACN 083 181 122)  
Twenty Second Defendant

ALBRIGHT INVESTMENTS PTY LTD (ACN 088 204 166)  
Twenty Third Defendant

ASHFIELD RISE PTY LTD (ACN 093 504 806)  
Twenty Fourth Defendant

BRADFIELD CORPORATION PTY LTD (ACN 088 204 371)  
Twenty Fifth Defendant

COPELAND ENTERPRISES PTY LTD (ACN 093 504 824)  
Twenty Sixth Defendant

DEVLIN WAY PTY LTD (ACN 088 264 813)  
Twenty Seventh Defendant

FIRST HAZELWOOD PTY LTD (ACN 093 505 303)  
Twenty Eighth Defendant

GLENBELLE PTY LTD (ACN 097 306 646)  
Twenty Ninth Defendant

GLENVALE WAY PTY LTD (ACN 088 287 021)  
Thirtieth Defendant

GREENVIEW LANE PTY LTD (ACN 093 505 312)  
Thirty First Defendant

HALLMARK CORPORATION PTY LTD (ACN 083 180 812)  
Thirty Second Defendant

MOORLEIGH HOLDINGS PTY LTD (ACN 088 287 058)  
Thirty Third Defendant

NORTON RIDGE PTY LTD (ACN 078 821 066)  
Thirty Fourth Defendant

RALEIGH GLEN PTY LTD (ACN 088 204 380)  
Thirty Fifth Defendant

REDCREST HOLDINGS PTY LTD (ACN 100 836 486)  
Thirty Sixth Defendant

SURI CORPORATION PTY LTD (ACN 093 505 321)  
Thirty Seventh Defendant

SUTTON RISE PTY LTD (ACN 088 204 399)  
Thirty Eighth Defendant

THE VIRTUAL MLMER PTY LTD (ACN 065 374 665)  
Thirty Ninth Defendant

TIVENDALE PTY LTD (ACN 093 505 349)  
Fortieth Defendant

TULLOCH DOWNES PTY LTD (ACN 078 895 048)  
Forty First Defendant

MAINKING PTY LTD (ACN 100 790 485)  
Forty Second Defendant

TOPGLEN PTY LTD (ACN 096 857 564)  
Forty Third Defendant

ALLBLUE PTY LTD (ACN 100 836 388)  
Forty Fourth Defendant

ARANBAY PTY LTD (ACN 098 532 319)  
Forty Fifth Defendant

## ORDER

**JUDGE:** Justice Gordon

**DATE OF ORDER:** 16 April 2010

**WHERE MADE:** Melbourne

### THE COURT ORDERS THAT:

NOTE: For the purposes of this order, "Scheme" has the meaning ascribed to it in the Orders of Justice Gordon in this proceeding made on 25 February 2010 (**25 February Orders**) and the Orders of Justice Gordon in this proceeding made on 4 March 2010 (**4 March Orders**).

1. Paragraph 11 of the 25 February Orders be varied to extend the date from 12 April 2010 to 27 April 2010 by which the Receivers are required to file with the Court and provide to the parties a copy of the Disclosure Reports in relation to the following Schemes:
  - (a) Yarra Valley Golf Joint Venture;
  - (b) Glenbelle Project; and
  - (c) Reef House.
2. Until further order, pursuant to section 50 of the *Federal Court Act 1976* (Cth), there be no publication of the contents of the following pages of the following exhibits to the Fifth Affidavit of Damian John Templeton sworn on 12 April 2010 other than to ASIC and its legal representatives, the defendants and their legal representatives, the secured financiers of the defendants (as applicable) and their legal representatives, judges of the Court, judges' associates and executive assistants and the Receivers, their staff and their legal representatives (the **Confidential Sections**):
  - (a) In respect of the Disclosure Report contained in Exhibit DJT-16:
    - (i) Appendix 4 to the Disclosure Report;
    - (ii) Appendix 5 to the Disclosure Report;
    - (iii) Annexure 5 to the Disclosure Report; and
    - (iv) the information contained in pages 22 and 24 of the Disclosure Report which has been redacted in the pages attached as Annexure C.

- (b) In respect of the Disclosure Report contained in Exhibit DJT-17:
  - (i) Appendix 4 to the Disclosure Report;
  - (ii) Appendix 5 to the Disclosure Report;
  - (iii) Annexure 5 to the Disclosure Report; and
  - (iv) the information contained in pages 26 and 28 of the Disclosure Report which has been redacted in the pages attached as Annexure C.
  
- (c) In respect of the Disclosure Report contained in Exhibit DJT-18:
  - (i) Appendix 4 to the Disclosure Report;
  - (ii) Appendix 5 to the Disclosure Report;
  - (iii) Annexure 5 to the Disclosure Report; and
  - (iv) the information contained in pages 26 and 28 of the Disclosure Report which has been redacted in the pages attached as Annexure C.
  
- (d) In respect of the Disclosure Report contained in Exhibit DJT-19:
  - (i) Appendix 3;
  - (ii) Appendix 4; and
  - (iii) Annexure 5.
  
- (e) In respect of the Disclosure Report contained in Exhibit DJT-20:
  - (i) Appendix 3;
  - (ii) Appendix 4;
  - (iii) Annexure 5; and
  - (iv) the information contained in page 25 of the Disclosure Report which has been redacted in the page attached as Annexure C.
  
- (f) In respect of the Disclosure Report contained in Exhibit DJT-28:
  - (i) Appendix 3; and
  - (ii) Appendix 4.

3. Until further order, the Disclosure Reports which are made available to investors pursuant to paragraph 18 of the 25 February 2010 and paragraph 13 of the 4 March Orders shall not contain the Confidential Sections.
4. Until further order, it shall be sufficient compliance with paragraph 18 of the 25 February Orders and paragraph 13 of the 4 March Orders if the Receivers provide copies of the Disclosure Reports (as described in paragraph 3 above) to the investors in the respective Schemes:
  - (a) by uploading each of the Disclosure Reports onto a secure page of the KPMG website so that each Disclosure Report is accessible only to investors in the Scheme to which the Disclosure Report relates by use of a password;
  - (b) by sending a letter to each of the known investors in the Schemes notifying investors that the Disclosure Reports are contained on the KPMG website and providing investors with a password so that they may access the Disclosure Reports for the Scheme in which they are investors and informing investors that they may request a hard copy of the relevant Disclosure Reports by the following method:
    - (i) email in respect of investors who have notified the Receivers that email is their preferred method of communication;
    - (ii) post in respect of all other known investors.
5. The Receivers shall provide by post a hard copy of the Disclosure Report for the Scheme in which the investor has invested upon receipt of a request by an investor.
6. The certificate which is contained as Annexure A to the Orders of Justice Gordon in this proceeding on 31 March 2010 (the **31 March Orders**) be substituted with the certificate which is contained as Annexure A to these orders.
7. Paragraph 6 of the 31 March Orders be varied so that the references to Annexure A to the 31 March Orders be replaced with references to Annexure B to these orders.
8. The Receivers are directed to prepare and file with the Court and serve on the parties by 27 April 2010 a report setting out:
  - (a) their recommendation as to what further investigation work and reporting ought to be done by them in relation to LGH Administration Pty Ltd (receivers

and managers appointed), LGH Holdings Pty Ltd (receivers and managers appointed), LGH Finance Pty Ltd (receivers and managers appointed); and

- (b) their estimate of the likely costs associated with that further work.
9. Until further order, the following documents be placed in a sealed envelope and marked “Confidential: No Access without leave of a judge of the Court”:
- (a) the letter from the letter from Allens Arthur Robinson (**AAR**) to Mallesons Stephen Jaques (**MSJ**) dated 15 April 2010 and sent by email at 11.02 am on that date;
  - (b) the letter from AAR to MSJ dated 15 April 2010 and sent by email at 2:43 pm on that date together with the attachment to that letter;
  - (c) the letter from AAR to MSJ dated 16 April 2010 and sent by email at 8:56 am on that date together with the attachment to that letter.
10. Costs be reserved.

Date that entry is stamped:

Deputy District Registrar

**ANNEXURE A**

**DRAW DOWN CERTIFICATE**

BORROWER NAME:

FACILITY:

AMOUNT OF DRAW DOWN:

I hereby certify that the above drawdown is made solely to pay debts of the Borrower which have been incurred by the Receivers, on and from 25 February 2010 to the earlier of 12 April 2010 [or such later date as agreed between the Receivers and Westpac Banking Corporation] and the date Westpac Banking Corporation enforces its security over the Borrower's business:

- (a) in the performance or exercise of their functions and powers as Receivers;
- (b) for services rendered, goods bought or property hired, leased or occupied in connection with the conduct of the business of the borrower; and
- (c) for the preservation of the following assets, namely  
....., being in each case an asset to which the Receivers have been appointed as Receivers and Managers, or for the purposes of obtaining valuation and other reports in connection with the preparation of the Disclosure Reports referred to in paragraph 11 of the orders of Justice Gordon made on 25 February 2010 and paragraph 7 of the orders of Justice Gordon made on 4 March 2010.

.....

Receiver and Manager

Date:

**ANNEXURE B**

**BOTANICA DRAW DOWN CERTIFICATE**

BORROWER NAME:

FACILITY:

AMOUNT OF DRAW DOWN:

I hereby certify that the above drawdown is made solely for the purposes set out in clause 2 of the Loan Agreement which is Annexure B to the orders of Justice Gordon made on 31 March 2010.

.....

Receiver and Manager

Date:



RESTRUCTURING SERVICES

**Twinview Joint Venture  
Twinview Nominees Pty Ltd  
(Receivers and Managers appointed)**

Disclosure report to the Federal Court of Australia  
Proceeding number VID 95 of 2010

12 April 2010

ADVISORY

AUDIT ■ TAX ■ ADVISORY

## Realisation summary

We set out on this slide a summary of the realisation process, proposed to be adopted by the Receivers and Manager to realise the Flinders Lane property

Our preliminary recommendation is to realise the property 'as is' based on our advice that the property is highly saleable in its current state, coupled with the risk and holding costs associated with pursuing an extended realisation process

Ultimately, the final realisation strategy and process to be adopted will be determined in consultation with our sales and marketing agents (to be appointed), consultants (valuers etc) and will require the consent of the secured creditor

### Confidential nature of information

- Set out as Appendix 4 to this report is our detailed proposed realisation strategy for the Flinders Lane property
- We have requested in the Court order that Appendix 4 remain confidential as between the Receivers and Managers, the Court, and any other parties the Court deems appropriate. Our request for confidentiality is to ensure we don't prejudice any future realisation process, through the release of commercially sensitive information to potential bidders

### Summary of proposed strategy

- The key steps to our proposed realisation strategy are set out below:
  - address all property issues (rectification work, vacancies, permits etc) as appropriate. Such matters will be assessed on a case by case basis in consultation with appointed sales agent, and subject to funding being available if required
  - request marketing and sales submissions, and selection of a real estate agent, based on relevant industry experience, proposed strategy, timing and cost (agency fee and marketing budget)
  - proposed process to be adopted is an open market method of sale, being either:
    - Public auction
    - Tender (Formal or Informal)
    - Expression of interest campaign
  - the final strategy to be adopted and sales method selection, including the timing of the process would be determined in consultation with the appointed real estate agent, other advisors (valuers etc)
  - the final strategy will ensure the Receivers and Managers statutory obligations pursuant to Section 420A of the Corporations Act are complied with
  - any realisation plan will need to be acceptable to the secured lender otherwise they may appoint their own Receiver and Manager
- We are advised that an appropriate marketing period for the property would be between 6 – 8 weeks

### Issues to be considered prior to commencement of realisation strategy

#### *Bridgehead Property*

- Although a lease is in place between Bridgehead and Twinview Nominees Pty Ltd (Flinders Lane), historically, Bridgehead has not paid rent pursuant to an understanding with Mark Letten that rent would not be paid in exchange for the provision of certain property advisory services

- We have advised Bridgehead that from the date of our appointment rent must be paid in accordance with the lease obligations. This will assist in order to improve and stabilise the income for the property for the realisation process

#### *Fortmway Vacancy*

- A major tenant of the Flinders Lane property vacated late last year and ceased making rental payments, in breach of its lease obligations. We are pursuing recovery of the outstanding rent
- The property manager has been instructed to actively pursue a replacement tenant for the property

- Our preliminary advice is that the property is very saleable as is, and a realisation process need not be delayed until a suitable tenant is located

#### *Other issues for consideration*

- Although not considered materially consequential on the realisation of the property, other matters for consideration at the property, include:
  - ongoing tenancy issues and vacancies that may arise
  - general rectification and maintenance work
  - required capital expenditure
- The receivers will assess the requirement to address such issues on a case by case basis, with consideration to the valuation impact, their obligations under the existing lease agreements with tenants

## Forecast financial information summary

The forecast financial information indicates that on the basis interest is not paid to the secured lenders, the Flinders Lane property is forecast to generate sufficient operational cash flow to meet the costs of the property through a realisation program (assumed to take up to 7 months)

The forecast information is prepared based on information currently available, and is subject to change due to further information provided, or changes in circumstances

### Confidential nature of information

- Set out as Appendix 5 to this report is detailed forecast information for the Scheme, including:
  - Forecast 13 week cash flow to 4 July 2010
  - Forecast 12 month cash flow (FY11 being July 2010 to June 2010)
  - Forecast 12 month profit and loss statement (FY11)
  - Forecast 12 month balance sheet position (FY11)
- Due to the nature of the information contained in the forecast financial information, we have requested that Appendix 5 remain confidential as between the Receivers and Managers, the Court, and any other parties the Court deems
- Our request for confidentiality is to ensure we any future realisation process is not prejudiced through the release of commercially sensitive information to the market

### Basis of preparation

- The forecast information has been prepared for the purpose of:
  - assessing the Scheme's ability to generate sufficient positive cash flow to fund operations through a proposed realisation program
  - assessing of the financial viability and solvency of the Scheme generally over both a short term (13 weeks) and an extended period of time (12 months)
- The information has been prepared based on information received and discussions held with key operational and management personnel associated with the property, including obtaining and reviewing historical monthly management accounts
- Due to the limited time available, the forecast information has been prepared at a high level and based on a number of key underlying assumptions, which are set out in Appendix 5

### Outcome of forecasts

- The property is not currently generating sufficient cash flow to meet the total interest payable to the secured creditor
- Further, due to the appointment of the Receivers and Managers, no interest has been paid since 25 February 2010
- Cash generated in the first instance will be retained to meet the cost of the realisation process with any surplus cash used to part pay interest (if possible)
- The secured lender has reserved its rights with respect to any default created by the non-payment of interest
- On this basis, the property is forecast to generate sufficient operational cash flow to meet the costs of the property through the realisation process and would have surplus cash (before receivership costs) equivalent to % of interest over the next 6 month period



RESTRUCTURING SERVICES

**The Glen Centre Joint Venture  
The Glen Centre Hawthorn Pty Ltd and Castello Holdings  
Pty Ltd  
(Receivers and Managers appointed)**

Disclosure report to the Federal Court of Australia  
Proceeding number VID 95 of 2010  
12 April 2010  
ADVISORY

AUDIT • TAX • ADVISORY

## Realisation summary

Set out opposite is a summary of the aspects of the realisation process proposed to be adopted by the Receivers and Managers to realise the Glenferrie Rd property

Ultimately, the final strategy and process to be adopted will be determined in consultation with sales and marketing agents (to be appointed) and consultants (such as valuers) if required and will need to be acceptable to the secured lenders

### Confidential nature of information

- Set out as Appendix 4 to this report is our detailed proposed realisation strategy for The Glen Centre
- We have requested in the Court order that Appendix 4 remain confidential as between the Receivers and Managers, the Court, and any other parties the Court deems appropriate. Our request for confidentiality is to ensure we don't prejudice any future realisation process, through the release of commercially sensitive information to potential bidders

### Summary of proposed strategy

- The key steps to our proposed realisation strategy are set out below:
  - address all property issues (rectification work, vacancies, permits etc) as appropriate. Such matters will be assessed on a case by case basis in consultation with appointed sales agent, and subject to funding being available if required
  - request marketing and sales submissions, and selection of a real estate agent, based on relevant industry experience, proposed strategy, timing and cost (agency fee and marketing budget)
  - proposed process to be adopted is an open market method of sale, being either:
    - Public auction
    - Tender (Formal or informal)
    - Expression of interest campaign
  - final strategy and sales method selection, including the timing of the process would be determined in consultation with the appointed real estate agent and other advisors (valuers etc)
  - the final strategy will ensure the Receivers and Managers statutory obligations pursuant to Section 420A of the Corporations Act are complied with (ie. obligation to obtain market value)
  - any realisation plan will need to be acceptable to the secured lender otherwise they may appoint their own Receiver and Manager
- We are advised that an appropriate marketing period for the property would be between 6 – 8 weeks

### Issues to be considered prior to commencement of realisation strategy

#### Building permit

- A planning permit was lodged and approved in respect of certain aspects of the property, including permitted uses and an extension of one of the ground floor tenancies
- An assessment of the merits of completing the work will be carried out, with reference to any potential valuation impact, the cost associated with carrying out the work, and the ability to secure funding if needed

#### Vacant upstairs tenancy

- The upper level tenancies remain vacant.

- our preliminary advice is that the property is highly marketable in its current state, accordingly our view is that the vacant tenancy is not likely to warrant delaying the realisation process

#### Other issues for consideration

- Although not considered materially consequential on the realisation of the property, other matters for consideration at the property, include:
  - ongoing tenancy issues and vacancies that may arise
  - general rectification and maintenance work
  - required capital expenditure
- The Receivers and Managers will assess the requirement to address such issues on a case by case basis, with consideration to the valuation impact, their obligations under the existing lease agreements with tenants and would require the consent of the secured creditor

## Forecast financial information summary

The forecast financial information indicates that on the basis interest is not paid to the secured lenders, The Glenferrie Rd property is forecast to generate sufficient operational cash flow to meet the costs of the property through a realisation program (assumed to take up to 7 months) on the basis the property is realised within the 12 month forecast period)

The forecast information is prepared based on information currently available, and is subject to change due to further information provided, or changes in circumstances

### Confidential nature of information

- Set out as Appendix 5 to this report is detailed forecast information for the Scheme, including:
  - Forecast 13 week cash flow to 4 July 2010
  - Forecast 12 month cash flow (FY11 being July 2010 to June 2010)
  - Forecast 12 month profit and loss statement (FY11)
  - Forecast 12 month balance sheet position (FY11)
- Due to the nature of the information contained in the forecast financial information, we have requested that Appendix 5 remain confidential as between the Receivers and Managers, the Court, and any other parties the Court deems
- Our request for confidentiality is to ensure we any future realisation process is not prejudiced through the release of commercially sensitive information to the market

### Basis of preparation

- The forecast information has been prepared for the purpose of:
  - assessing the Scheme's ability to generate sufficient positive cash flow to fund operations through a proposed realisation program
  - assessing of the financial viability and solvency of the Scheme generally over both a short term (13 week) and an extended period of time (12 months)
- The information has been prepared based on information received and discussions held with key operational and management personnel associated with the property, including obtaining and reviewing historical monthly management accounts
- Due to the limited time available, the forecast information has been prepared at a high level and based on a number of key underlying assumptions, which are set out in Appendix 5

### Outcome of forecasts

- The property is not currently generating sufficient cash flow to meet the total interest payable to the secured creditor
- Further, due to the appointment of the Receivers and Managers, no interest has been paid since 25 February 2010
- Cash generated in the first instance will be retained to meet the cost of the realisation process with any surplus cash used to part pay interest (if possible)
- The secured lender has reserved its rights with respect to any default created by the non-payment of interest
- On this basis, the property is forecast to generate sufficient operational cash flow to meet the costs of the property through the realisation process and would have surplus cash (before receivership costs) equivalent to % of interest over the next 6 month period



RESTRUCTURING SERVICES

**Nicholson Street Joint Venture  
Nicholson Street Pty Ltd, Holloway Crest Pty Ltd  
and Rosebery Enterprises Pty Ltd  
(Receivers and Managers appointed)**

Disclosure report to the Federal Court of Australia

Proceeding number VID 95 of 2010

12 April 2010

ADVISORY

AUDIT ■ TAX ■ ADVISORY

## Realisation summary

Set out opposite is a summary of the aspects of the realisation process proposed to be adopted by the Receivers and Managers to realise the Nicholson Street property

In the absence of funding to meet interest and re-zoning costs, we will have no choice but to realise the property now instead of continuing with rezoning

Advice obtained from a third party valuer suggests a significant up lift in value could be obtained (30%) if approval of the planning Scheme amendment to rezone the property is obtained

Ultimately, the final strategy and process to be adopted will be determined in consultation with sales and marketing agents (to be appointed) and consultants (such as valuers) if required and will need to be acceptable to the secured lenders

### Confidential nature of information

- Set out as Appendix 4 to this report is our detailed proposed realisation strategy for the Nicholson Street property
- We have requested that Appendix 4 remain confidential as between the Receivers and Managers, the Court, and any other parties the Court deems appropriate. Our request for confidentiality is to ensure we don't prejudice any future realisation process, through the release of commercially sensitive information to potential bidders

### Summary of proposed strategy

- The key steps to our proposed realisation strategy are set out below:
  - Assess on a case by case basis (cost benefit analysis) all property issues (rectification work, vacancies, permits etc) as appropriate. Such matters will be assessed in consultation with appointed sales agent, and subject to funding being available, if required
  - request marketing and sales submissions, and selection of a real estate agent, based on relevant industry experience, proposed strategy, timing and cost (agency fee and marketing budget)
  - proposed process to be adopted is an open market method of sale, being either:
    - Public auction
    - Tender (Formal or Informal)
    - Expression of interest campaign
  - final strategy and sales method selection, including the timing of the process would be determined in consultation with the appointed real estate agent, other advisors (valuers etc)
  - the final strategy will ensure the Receivers and Managers statutory obligations pursuant to Section 420A of the Corporations Act are complied with (ie. obligation to obtain market value)
  - any realisation plan will need to be acceptable to the secured lender otherwise they may appoint their own Receiver and Manager
- We are advised that an appropriate marketing period for the property is between 6 – 8 weeks

### Issues to be considered prior to commencement of a realisation strategy

#### Rezoning application

- A planning Scheme amendment application has been lodged with council to obtain the requisite rezoning for the property for re-development purposes. Subject to obtaining necessary funding (if required) the next steps to progress this matters are:
  - amendment and re-submission of the rezoning application to address issues raised to date by Council.
  - receipt of Council approval of the re-zoning application and send to Minister of Planning .
  - Ministerial approval and amendment gazettal
- Our recommendation is (subject to the necessary funding being available) to pursue the matter to achieve Council approval whilst preparing for the marketing of the property (per the steps set out previously)

#### Other issues for consideration

- Although not considered materially consequential on the realisation strategy, other matters for consideration at the property, include:
  - ongoing tenancy issues and vacancies
  - general rectification and maintenance work
  - required capital expenditure
- The Receivers and Managers will assess the requirement to address such issues on a case by case basis, with consideration to the valuation impact, and their obligations under the existing lease agreements with tenants

## Forecast financial information summary

The forecast financial information indicates that on the basis interest is not paid to the secured lenders, the Nicholson Street property is forecast to generate sufficient operational cash flow to meet the costs of the property through a realisation program (assumed to take up to 7 months)

The forecast information is prepared based on information currently available, and is subject to change due to further information provided, or changes in circumstances

### Confidential nature of information

- Set out as Appendix 5 to this report is detailed forecast information for the Scheme, including:
  - Forecast 13 week cash flow to 4 July 2010
  - Forecast 12 month cash flow (FY11 being July 2010 to June 2010)
  - Forecast 12 month profit and loss statement (FY11)
  - Forecast 12 month balance sheet position (FY11)
- Due to the nature of the information contained in the forecast financial information, we have requested that Appendix 5 remain confidential as between the Receivers and Managers, the Court, and any other parties the Court deems appropriate
- Our request for confidentiality is to ensure any future realisation process is not prejudiced through the release of commercially sensitive information to the market

### Basis of preparation

- The forecast information has been prepared for the purpose of:
  - assessing the Scheme's ability to generate sufficient positive cash flow to fund operations through a proposed realisation program
  - assessing of the financial viability and solvency of the Scheme generally over both a short term (13 weeks) and an extended period of time (12 months)
- The information has been prepared based on information received and discussions held with key operational and management personnel associated with the property, including obtaining and reviewing historical monthly management accounts
- Due to the limited time available, the forecast information has been prepared at a high level and based on a number of key underlying assumptions, which are set out in Appendix 5

### Outcome of forecasts

- The property is not currently generating sufficient cash flow to meet the total interest payable to the secured creditor
- Further, due to the appointment of the Receivers and Managers, no interest has been paid since 25 February 2010
- Cash generated in the first instance will be retained to meet the cost of the realisation process with any surplus cash used to part pay interest (if possible)
- The secured lender has reserved its rights with respect to any default created by the non-payment of interest
- On this basis, the property is forecast to generate sufficient operational cash flow to meet the costs of the property through the realisation process and would have surplus cash (before receivership costs) equivalent to % of interest over the next 6 month period



RESTRUCTURING SERVICES

**Cimitiere House Joint Venture  
Enmore Enterprises Pty Ltd  
(Receivers and Managers appointed)**

Disclosure report to the Federal Court of Australia

Proceeding number VID 95 of 2010

12 April 2010

ADVISORY

AUDIT ■ TAX ■ ADVISORY

## Forecast financial information summary

The forecast financial information indicates that on the basis interest is not paid to the secured lenders, the Cimitiere House property is forecast to generate sufficient operational cash flow to meet the costs of the property through a realisation program (assumed to take up to 7 months) on the basis the property is realised within the 12 month forecast period)

The forecast information is prepared based on information currently available, and is subject to change due to further information provided, or changes in circumstances

### Confidential nature of information

- Set out as Appendix 4 to this report is detailed forecast information for the Scheme, including:
    - Forecast 13 week cash flow to 4 July 2010
    - Forecast 12 month cash flow (FY11 being July 2010 to June 2010)
    - Forecast 12 month profit and loss statement (FY11)
    - Forecast 12 month balance sheet position (FY11)
  - Due to the nature of the information contained in the forecast financial information, we have requested that Appendix 4 remain confidential as between the Receivers and Managers, the Court, and any other parties the Court deems
  - Our request for confidentiality is to ensure we any future realisation process is not prejudiced through the release of commercially sensitive information to the market
- Basis of preparation**
- The forecast information has been prepared for the purpose of:
    - assessing the Scheme's ability to generate sufficient positive cash flow to fund operations through a proposed realisation program
    - assessing the financial viability and solvency of the Scheme generally over both a short term (13 week) and an extended period of time (12 months)
  - The information has been prepared based on information received and discussions held with key operational and management personnel associated with the property, including obtaining and reviewing historical monthly management accounts
  - Due to the limited time available, the forecast information has been prepared at a high level and based on a number of key underlying assumptions, which are set out in Appendix 4

### Outcome of forecasts

- The debt facilities of Enmore Enterprises are cross-collateralised across George Street and Cimitiere House and therefore from a debt servicing perspective, operational cash flows should be analysed on a cumulative basis
- Cimitiere House and George Street are forecast to generate sufficient operational cash flow to meet the costs of the property through the realisation process and would have surplus cash (before receivership costs) equivalent to % of interest over the next 6 month period
- Due to the appointment of the Receivers and Managers, no interest has been paid since 25 February 2010
- Cash generated in the first instance will be retained to meet the cost of the realisation process with any surplus cash used to part pay interest (if possible)
- The secured lender has reserved it rights with respect to any default created by the non-payment of interest