

5 March 2019

UPDATE CIRCULAR TO CREDITORS

Dear Sir or Madam,

Splash Bay Pty Ltd (In Liquidation) (Subject to Deed of Company Arrangement) A.C.N. 158 274 723 ("The Company")

We refer to our previous correspondence wherein we advised of acceptance of a Deed of Company Arrangement ("DOCA") in the form proposed. We reiterate that the instrument has been executed by all parties and became a DOCA on 21 February 2018.

1 Purpose of Report

We refer to our previous Liquidators' Reports to creditors dated 12 October 2017 and 30 November 2017, Voluntary Administrators' Reports dated 10 January 2018 and 22 January 2018 (Administrators report) and Deed Administrators report dated 26 February 2018; collectively "Previous Reports" and note that this report is to be read in conjunction with same.

This report is to set out an account of our acts and dealings and the conduct of the DOCA and provide an estimate of when the DOCA is expected to be completed. The report also provides reasons for the delay with respect to the completion of the DOCA.

2 Abbreviations Used In This Report

- "Act" - Corporations Act 2001
- "ARITA" – Australian Restructuring Insolvency and Turnaround Association
- "ASIC" – Australian Securities & Investment Commission
- "Company" – Splash Bay Pty Ltd (In Liquidation) (Subject to Deed of Company Arrangement)
- "IPR" – Insolvency Practice Rules, as contained in the Act
- "IPS" – Insolvency Practice Schedules, as contained in the Act
- "Previous Reports" – Liquidators Reports to Creditors dated 12 October 2017 and 30 November 2017, Voluntary Administrators Report dated 10 January 2018 and 22 January 2018 and Deed Administrators Report dated 26 February 2018.

3 Compliance with Best Practice, Apes 330 – Insolvency Services & Independence

This report complies with the Statements of Best Practice issued by ARITA with regard to content of Administrators/Liquidators reports and the Code of Professional Practice with regard to remuneration.

The conduct of this insolvency appointment and report has been undertaken in accordance with APES 330 – Insolvency Services, issued by the Accounting Professional & Ethical Standards Board and adopted by the Institute of Chartered Accountants Australia and CPA Australia.

4 Explanation on the delay of the DOCA completion

The Commencement Date of the DOCA is 21 February 2018, being the date when DOCA was executed.

We confirm that in accordance with clause 2.2(b) of the DOCA accepted by creditors and executed by the relevant parties to the DOCA on 21 February 2018, the following Conditions Precedent must be satisfied:

- (i) Within three months of the Commencement Date; or
- (ii) Such later time notified in writing by the Administrators to the other parties to the Deed.

In accordance with the above clause 2.2(b)(ii), the Deed Administrators are able to use their discretion and extend the condition precedent satisfaction date as requested as long as it is in the best interest of creditors of the Deed Administration.

We confirm Conditions Precedent have not been satisfied in accordance with clause 2.2(b)(1) within three month of the Commencement Date (i.e. by 21 May 2018) and accordingly Mr Ian Buckeridge of The Anchorage Lifestyle Living Pty Ltd ('TALL') has requested a number of extensions to allow the satisfaction of the Conditions Precedent.

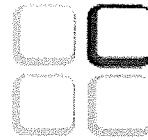
We have been advised of the following reasons for required extensions:

- Extension of time required to complete relevant valuations of land;
- Negotiations with the funders and financiers to secure the required funding for the project;
- Delays caused by the review and negotiations of the agreement by the various parties;
- Discussions and negotiations with the secured creditors to ensure their ongoing support of the proposal;
- Negotiations with the builders and organisation of the relevant documentation; and
- Withdrawal of the builder from the contract and time required to secure a contact with the alternative builder (reason for the current extension).

As part of providing the extensions to complete Condition Precedent, we have continuously requested documentary supporting evidence confirming that the funding has been pre-approved by the financiers to ensure the financial viability of extending the DOCA. We confirm that we have been provided with the supporting evidence including, loan offers and loan agreements that confirms that the finance aspect of the project has been pre-approved.

Based on the information currently available to us, the current extensions have been granted on the basis that the extension of the DOCA continues to provide a better outcome and return to creditors of the Company than if the DOCA was terminated and the Company returned to liquidation status (solely).

If the DOCA is terminated, we will move to finalise the Liquidation and DOCA, and will not take any steps to deal with the real property discussed in the Previous Reports. As outlined in the Previous Reports, our investigations to date support that the real property has no equity and as such would become an asset of ASIC or would be disclaimed to all known secured creditors, in the event of DOCA termination.



robson cotter
INSOLVENCY GROUP

Creditors are invited to contact this office within 28 days of the Report if they have any queries/concerns with respect to the content of the Report, have objections with respect to further extensions being provided to TALL or wish to consider termination of the DOCA.

5 Further Reports and Finalisation

As discussed in section 4 of this Report, the latest extension provided to satisfy the Condition Precedent expires on 13 March 2019. Further extension might be provided, if documentary evidence is provided to us to consider same.

Once the Conditions Precedent are satisfied, creditors will be notified accordingly in writing and appropriate steps will be taken to complete the DOCA including the issue of a notice of intention and payment of the First and Final Dividend to participating unsecured creditors.

Should you require any further information in relation to the above, please do not hesitate to contact Yana Martirosova of our office.

For and on behalf of

Splash Bay Pty Ltd (In Liquidation) (Subject to Deed of Company Arrangement)



W. Roland Robson

Joint & Several Deed Administrator