



FURTHER NOTICE TO SUB-CONTRACTORS AND SUPPLIERS

CMF Projects Pty Ltd (In Liquidation) ("Company") ACN: 114 539 212

- 1. Update on the Company's position**
- 2. Completion of Akira or retrieval of plant and materials**
- 3. Completion of Corde or retrieval of plant and materials**
- 4. Our advice to sub-contractors and suppliers**

1. Update on the Company's position

Further to our notice issued 11 May 2017 regarding the QM Properties Gibbon St project ("Corde"), and Aria Property Group Manilla St project ("Akira") we advise and confirm that:-

- a) immediately following our appointment the developers of Corde and Akira exercised their contractual rights to take the projects off, and remove control of the sites, from the Company;
- b) the developers both have the contractual entitlement to step-in and utilise any existing plant and materials and intellectual property of the Company that remains on site;
- c) both developers have significant claims against the Company in relation to damages suffered either prior to, and/or as a result of, our appointment as Liquidators of the Company;
- d) all assets of the Company are charged in favour of a related entity to Aria Property Group in relation to numerous secured loans granted to the Company in 2016 ("GSA"), meaning:-
 - i. any plant and materials owned by the Company on site are secured in favour of that entity related to Aria Property Group;
 - ii. all other assets of the Company, i.e. cash at bank, debts owed, vehicles, are also secured in favour of that entity related to Aria Property Group;
- e) as a result of the GSA in favour of Aria Property Group it appears the Company is entirely without unsecured assets to fund the Liquidation.

Given that position, we wish to advise all stakeholders and creditors that the Liquidators do not assert any rights in respect of the materials and plant on site, whether owned by the Company or not. We further wish to advise, given the lack of control of the sites, and complete absence of funds in the Liquidation, we are not able to administer or oversee the access regime for sub-contractors and suppliers wishing to retrieve their plant and materials.

2. Completion of Akira or retrieval of plant and materials

The Aria Property Group has suffered significant damages to date in relation to the Akira project. In the hope further losses can be minimised the developer is planning to swiftly engage PBS Builders to complete the project. We understand PBS wishes to discuss continuation of the build and negotiation of new sub-contractor and supplier arrangements. To that end, could those wishing to continue their works on the project please contact **Otis Towill** by email (reception.brisbane@pbsbuilding.com.au).

Other sub-contractors and suppliers who wish to retrieve their plant and materials from site please contact **Darren Jeffs** by email (darren@bca-c.com.au) who will coordinate scheduled site access over the coming week.

3. Completion of Corde or retrieval of plant and materials

QM Properties is currently investigating completing the project with the assistance of the former director Greg Campbell acting as a consultant project manager. Mr Campbell has advised us that his desire is to see all sub-contractors and suppliers on the project paid and we believe his involvement will significantly reduce the extent of damages suffered by QM Properties as a result of our appointment given his knowledge of the project and its progression.

To that end, to discuss retrieval of plant or materials from site, or the continuation of the project we encourage you to contact **Greg Campbell** by mobile. Our understanding is that Mr Campbell will be proactively contacting sub-contractors and suppliers to discuss the position over the coming days.

In his absence please email **Glenn Rix** of QM Properties (glenn.rix@qm.com.au).

4. Our advice to sub-contractors and suppliers

At this time we do not anticipate a dividend will be paid to unsecured creditors in the Liquidation. Further detail regarding the Company's financial position will be discussed at the meeting of creditors to be held **26 May 2017** as previously advised.

We strongly support the efforts of the developers to mitigate the loss suffered by sub-contractors and suppliers. We encourage all sub-contractors and suppliers to work collaboratively with the developers to see these projects completed using existing materials so that the claims against the Company can be minimised. Conversely the Liquidators have no objections to sub-contractors and suppliers removing unfixed materials and plant from site, but note decisions in relation to that process remain with the developers.

We note that numerous sub-contractors and suppliers have failed to properly register their interests on the Personal Properties and Securities Register and strongly recommend those who have not, seek legal advice regarding that failure and potential implications in the future should other projects be affected by insolvency.

Yours faithfully

David Clout
Joint and Several Liquidator