



235 St Georges Terrace
Perth WA 6000

GPO Box A29
Perth WA 6837
Australia

ABN: 51 194 660 183
Telephone: +61 8 9263 7171
Facsimile: +61 8 9263 7129
www.kpmg.com.au

Private and confidential
To the creditor addressed

Our ref 31866855_1

30 January 2018

Dear Sir/Madam

Macro Group of Companies (Refer to attached schedule of entities) (Macro Group)
Second report to creditors

This is our second report to creditors. This report should be read in conjunction with our first report to creditors issued on 12 September 2017 (**First Report**). If creditors did not receive this report, a copy is available for download from our website (www.kpmg.com/au/macro).

The purpose of this document is to provide creditors with an update on the matters disclosed in the First Report, and the conduct of the liquidations generally. We report under the following headings:

1. Declaration of Independence, Relevant Relationships and Indemnities
2. Conduct of the liquidations
3. Assets and liabilities
4. Investigations
5. Liquidators' receipts and payments
6. Estimated return to creditors
7. Next steps

1. Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)

Our DIRRI dated 12 September 2017 sets out details of any relationships that we have identified and any indemnities or upfront payments that have been provided. This document is available for download from our website (www.kpmg.com/au/macro).

We confirm that we have not identified any matters that may result in a conflict of interest or duty or affect our independence. We will continue to monitor our position on such matters.

2. Conduct of the liquidations

Since our First Report, we have focused primarily on the following matters:

- Continuing with our enquiries into the Newman property market, exploring the options available to maximise the realisable value of the available land holdings; and



- Progressing investigations into potential voidable transactions, insolvent trading matters, and also possible contraventions of, including but not limited to, the *Corporations Act 2001 (Act)*.

Further information on these matters are provided in the following sections.

3. Assets and liabilities

Creditors are referred to the First Report for background information on the identified assets and liabilities. This section of the report provides details of any developments on these matters.

3.1 Land

As previously reported, we identified 295 individual land lots owned by the Macro Group, all located in the Pilbara region of Western Australia. The remaining property portfolio was reduced to 274, due to sales to third parties, which occurred prior to our appointment. Whilst there have been no significant developments in this regard, we have recently received notice of further secured creditor enforcement, reducing the number of lots that remain subject to our control to 26 lots, albeit a number of those lots are subject to encumbrances such as caveats.

A current summary of the land portfolio is as follows:

Land holdings summary		
Controlling party	Notes	No. of properties
Secured creditors	3.1.1	
Prequin Securities		24
Receivers and Managers of 511 GTN Pty Ltd		213
Secured creditor sales	3.1.2	
La Trobe Financial Asset Management Ltd		10
C2 Property Group Pty Ltd		1
Pre-appointment sales	3.1.3	21
Liquidators	3.1.4	26
Total		295

3.1.1 Secured creditors

The majority of remaining lots are subject to the control of secured creditors. We are aware of 237 lots, which are subject to the control of Receivers and Managers or mortgagees in possession. We understand, that due to the prevailing market conditions and the lack of demand for land in the region, the Receivers and Managers continue to hold the property, and are not actively marketing the land for sale.

We maintain the view that, for the reasons outlined in the First Report, it is unlikely that realisation of all lots will produce an outcome sufficient to allow for a return to unsecured creditors.

3.1.2 Secured creditor sales

We have been advised that 11 lots have been sold by the respective mortgagees. Our comments are as follows:

- La Trobe Financial Asset Management Ltd (**La Trobe**) – Hedland Projects Pty Ltd (In Liquidation) held 10 lots that were subject to controllership. The controllership period was completed on 19 June 2017. Although we have not received a full accounting of any property sales, we note that \$451,336 was receipted and paid (all likely property related) during the controllership period. With a balance of \$11,805,131 declared as owing (as at 19 June 2017), it appears that La Trobe experienced a significant shortfall. Once we receive an accounting of each property sale, this matter will be closed (provided all is in order).
- C2 Property Group Pty Ltd (**C2**) – Dee Vee Enterprises Pty Ltd (In Liquidation) held one property, located in South Hedland, Western Australia. We have been advised that a purchase offer of \$250,000 has been accepted, conditional upon completing the necessary due diligence. We note that the amount declared as owing to C2 is \$9,978,415 (as at 29 November 2017). Based on this information it appears that C2 will experience a significant shortfall.

Having regard to the shortfalls registered/to be registered, there will be no recoveries from this source.

3.1.3 Pre-appointment sales

Our investigations have revealed 21 lots within the “Newman Estate” appear to have been sold to third parties prior to our appointment as Liquidators. These transactions will be considered further as part of our investigations, to determine whether or not any recourse is available to the Liquidators. Further information on our investigations is provided in the ‘Investigations’ section of this report.

3.1.4 Liquidators

We have identified 26 remaining lots, which are owned by the Macro Group and are not subject to the control of secured creditors (albeit most with registered encumbrances). These 26 lots fall under our control as Liquidators and we are currently assessing options for realising these properties.

We have not received any interest from potential buyers at this time. With the widely acknowledged underperforming property market in Western Australia, our opportunities to realise these assets have been limited. Nonetheless, our enquiry channels remain open.

We attached a schedule of the 26 lots at ‘Annexure B’ and provide the following comments:

- We understand that the initial intention was to develop residential houses on these lots however, the build process never commenced.
- These lots (land only) are located within one of two housing estates, Newman Estate and Kurra Estate, and range between 250m² and 400m². There are 10 lots available within Newman Estate, and 16 lots available within Kurra Estate.



- The Kurra Estate currently houses residents, with homes constructed on some lots (unrelated). The Newman Estate currently has no dwellings, although we understand that civil works have been undertaken.

We invite creditors to contact our office if they wish to submit an expression of interest for purchasing any of these lots, or if they are aware of any parties who may be interested in purchasing any or all of the lots. Any additional information sought on these assets will be made available (on a confidential basis) to interested parties. All submissions and enquiries must be made by email to macro@kpmg.com.au.

3.1.5 Potential proposal

In addition to the above, we have been approached by the Director of the Macro Group, Ms Veronica Macpherson, on behalf of an unnamed third party, who is potentially interested in acquiring the remaining 274 lots available. We have been informed that a funding proposal has been submitted to a financier, the outcome of which yet is to be determined. We are not privy to the specifics of this proposal, or the intended purchase structure.

We await further information in relation to this potential matter, and will continue to explore all other possible avenues of realisation.

3.2 Intercompany loans

Creditors are referred to the First Report for our comments on this matter. We advise that no substantial developments have been made in this regard. We maintain our view that any loan account recoveries will be almost entirely dependent on the property holding entities realising the available lots for a surplus, which, based on current market conditions, appears unlikely.

3.3 Director and other related party loans

As previously reported, we have identified a number of director and related party loan receivables across the Macro Group. We understand that a number of the lending facilities across the Macro Group were personally guaranteed by Ms Macpherson and other directors. We have been advised that the lenders have commenced enforcement action against secured assets and the personal guarantees. Having regard to the current property market conditions, it is our view that the lenders are likely to experience shortfalls despite exhausting asset recoveries, making the prospect of any recovery for us highly uncertain.

Decisions around pursuing such avenues of recovery will be based on the commercial merits of such actions, essentially being the financial capacity of the relevant individuals and entities to meet such claims, and further, the ability of the Liquidators to fund such recovery actions.



3.4 Cash at bank

Following our appointment, we recovered \$39,048 from bank accounts registered to companies within the Macro Group (summarised below). We confirm that these funds are being held in administration accounts controlled by the Liquidators.

Bank account recoveries	
Details	Amount (AUD\$)
Endeavour Holdings Group Pty Ltd (EH)	4,630
Macro Realty Developments Pty Ltd (MRD)	34,418
Total receipts	39,048

3.5 Trust account funds

We recovered \$295,306 from trust accounts held by a solicitor on behalf of Macro entities.

In our efforts to confirm the circumstances in which the funds were received, and to identify the purpose for which the Trust Funds were to be applied, we:

- Conducted several interviews of directors and officers and staff of the Macro Group, to determine the extent of the records available in respect to the funds;
- Made enquiries with various external parties that may have held information in respect to the funds; and
- Reviewed available records, including accounting and banking records, against the transactions that make-up the funds.

Based on those enquiries and investigations, we determined that the funds should appropriately be applied to the entities set out in the below table, and in respect of Macro Realty Pty Ltd (In Liquidation) (MR) and MRD, be available for the purposes of the ongoing liquidation of those entities.

Trust Funds	
Details	Amount (AUD\$)
MRD	275,514
MR	15,000
511 GTN Pty Ltd (511 GTN)	4,792
Total	295,306

We note that \$4,792 related to 511 GTN, an entity that is subject to the control of Receivers and Managers (**Receivers and Managers**). Accordingly, we paid these funds (less account keeping fees) to the Receivers and Managers, leaving a balance of \$290,514 (**Trust Funds**).

We made an application to the Supreme Court of Western Australia setting out the findings from our enquiries and seeking directions that the Trust Funds be applied as set out in the above table.



To the creditor addressed
Macro Group of Companies (Refer to attached
schedule of entities) (Macro Group)
Second report to creditors
30 January 2018

We confirm that Orders have been made by the Court, to treat the Trust Funds as assets of MRD and MR respectively, to be dealt with in the ordinary course of the respective winding-ups. Enclosed at 'Annexure A' is a copy of the Orders.

Should creditors hold information or documentation that contradicts our findings, and in accordance with the Orders, creditors have the liberty to apply to the Court, to vary or to set aside the Orders, within 14 days of receiving notice of the same.

3.6 Estimated liabilities

As previously reported, it is our view that with several debts accruing interest and costs, the overall liability position could exceed \$250m. We have received a large volume of investor records, which we continue to review, in order to firm up this position.

Creditors are encouraged to submit a Proof of Debt form if they have not already done so, to assist us in quantifying the liability position of the Macro Group. This form is available for download from our website.

To date, we have received over 650 claims from creditors and investors across the Macro Group, totalling in excess of \$65m.

4. Investigations

Creditors are referred to the First Report for background information on this matter, including the areas we consider warrant further investigation, which are discussed further below.

4.1 Liquidators' statutory investigations

We are continuing our investigations into the affairs of the Macro Group, to identify possible contraventions of the Act. These investigations will include a review of any transactions that may be voidable against the Liquidators, and potential insolvent trading claims against the Macro Group's Directors. Before pursuing recovery of any identified claims, we will consider, amongst other things, the cost of recovery and the respondent's financial capacity to meet the claim. We will be able to provide further information on this matter, including any identified claims, once we finalise our investigations.

4.2 Australian Securities and Investments Commission (ASIC)

We have been engaged by the ASIC to conduct bespoke investigations to assist with their enquiries into the affairs of the Macro Group, including the conduct of its directors and officers. Given the confidential nature of this engagement, we are unable to provide any further details on this matter, although it should be noted that these investigations may help uncover additional recovery avenues that could be pursued by the Liquidators for the benefit of creditors.



4.3 IMF Bentham Limited (IMF)

IMF is a third party litigation funder that has expressed an interest in funding the Liquidators to undertake specific investigations. The proposed terms of any arrangement are still being finalised, however will include the following:

- Provision by IMF of \$50,000 to cover the Liquidators' fees and costs of conducting the investigations (**Preliminary Funding**);
- IMF will be entitled to reimbursement of the Preliminary Funding as a first priority from any future recoveries or immediately if a funding arrangement is entered into with an alternative provider; and
- IMF will, for a period of three months, have a right of first refusal to fund any future litigation which may arise from the investigations on terms equal to or better than those of a competing funding offer.

We note that the proposed terms do not prevent the Liquidators from entering into alternative litigation funding arrangements, subject to the right of first refusal noted above and repayment of the Preliminary Funding.

In this regard, should any creditors have an interest in putting forward a funding offer to the Liquidators for consideration, please advise our office within 7 days from the date of this letter, failing which it is the Liquidators' intention to pursue the proposed arrangements with IMF.

Separately, should creditors have any particular matters that they consider warrant investigation, they are requested to report those matters (with support documents) to macro@kpmg.com.au.

5. Liquidators' receipts and payments

Set out below is a summary of the Liquidators' receipts and payments to date:

Receipts and payments		
Details	Beneficiary	Amount (AUD\$)
Receipts		
Cash at bank	EH	4,630
Cash at bank	MRD	34,418
Trust Funds	MRD	275,514
Trust Funds	MR	15,000
Trust Funds	511	4,792
Total receipts		334,355
Payments		
Bank charges		(107)
Payment to the Receivers and Managers		(4,782)
Total payments		(4,889)
Cash at bank		329,466

In addition to the above, a further amount of \$55,000 is held by our solicitors in a trust account, representing upfront payments/indemnities provided to the Liquidators for the purposes of winding up proceedings against 54 entities within the Macro Group.

We note that the available cash will be applied in meeting costs incurred in the liquidations to date, including that of the Liquidators' remuneration, largely attributable to:

- Costs associated with the preparation of the confidential reports to the Court, following our appointment as Provisional Liquidators; and
- Costs incurred since our appointment as Official Liquidators.

Appropriate Court or creditor approval will be sought prior to drawing any remuneration in accordance with our statutory requirements, which will provide all relevant disclosures in support of the amounts claimed.

6. Estimated return to Creditors

As previously reported, we are unable to provide details of whether creditors can expect a return until the matters disclosed herein are adequately addressed. Any return to creditors, will be subject to the following key factors:

- The realisation of remaining land lots owned by the Macro Group (see section 3.1.3)
- Any recoveries available to the Liquidators relating to potential claims against third parties, uncommercial or antecedent transactions
- The final quantum of creditor claims

In the absence of surplus recoveries from land sales and from any liquidator actions or claims, it is our view that there will be insufficient funds available to allow for any return to unsecured creditors.

7. Next steps

The key next steps in the liquidation process will consist of the following:

- Continue to explore any opportunities to maximise the realisable value for the available land holdings, having regard to current market conditions
- Continue with our statutory investigations into the Macro Group to identify any available liquidator actions or claims
- Complete investigations and reporting to ASIC with respect to their ongoing investigation
- Working together with IMF, and any other funders to conduct investigations as agreed to identify, and potentially pursue recoverable amounts
- Continue to keep creditors and stakeholders apprised of any material developments



To the creditor addressed
*Macro Group of Companies (Refer to attached
schedule of entities) (Macro Group)*
Second report to creditors
30 January 2018

A further update will be provided in the event of any material developments on the matters set out above, or within the next six months. In the meantime, should creditors have any queries in respect to the above, please contact us by email on macro@kpmg.com.au.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Hayden White', written in a cursive style.

Hayden White
Liquidator

Annexure A – Court Orders dated 23 January 2018
Annexure B – List of properties subject to the Liquidators' control



To the creditor addressed
Macro Group of Companies (Refer to attached
schedule of entities) (Macro Group)
Second report to creditors
30 January 2018

Macro Group of Companies

Schedule of companies to which we have been appointed as Liquidators (page 1 of 2)

Macro Group of Companies		
#	Company Name	ACN
1	Macro Realty Developments Pty Ltd	159 678 930
2	Macro Realty Pty Ltd	143 381 060
3	Macro All State Investments & Securities Ltd	168 713 719
4	Macro Realty Developments AFSL Pty Ltd	160 620 502
5	511 GTN Pty Ltd	152 534 695
6	Pilbara Property Developments Pty Ltd	162 445 187
7	Edkinway Pty Ltd	605 936 838
8	59 Kurra at Newman Pty Ltd	601 622 673
9	Mactrader WA Pty Ltd	609 165 522
10	New hale Pty Ltd	606 027 258
11	Andrawartha Pty Ltd	607 135 624
12	Bingley GV Pty Ltd	607 117 733
13	Black Honeyeater Pty Ltd	601 622 691
14	Brahminy Kite Pty Ltd	601 622 726
15	Cecic Holdings Pty Ltd	608 032 613
16	Crimson Chat Pty Ltd	601 622 655
17	East Pilbara Holdings Pty Ltd	601 622 664
18	Edheavy Pty Ltd	605 936 865
19	Fortescue Falls Pty Ltd	601 622 646
20	Jaflaf Pty Ltd	601 622 717
21	L Bryden Pty Ltd	607 135 517
22	LFCF Holdings Pty Ltd	601 623 107
23	Macfire WA Pty Ltd	609 165 497
24	Maclog Pty Ltd	605 929 208
25	Macro Capital Enterprises Pty Ltd	162 445 178
26	Macstar WA Pty Ltd	609 165 513
27	Macripp WA Pty Ltd	609 165 531
28	Mcfly WA Pty Ltd	609 165 540
29	Neway Enterprises Pty Ltd	606 027 285
30	New iron Pty Ltd	606 027 249
31	Newman 57K Pty Ltd	601 623 198
32	New minds Enterprises Pty Ltd	609 165 577
33	New sky Enterprises Pty Ltd	606 027 294
34	Northern Quoll Pty Ltd	601 623 134
35	One Powerball Pty Ltd	601 623 170
36	Palecka WA Pty Ltd	607 117 644
37	Placebest Pty Ltd	605 929 182
38	Placeright Pty Ltd	605 545 426
39	Porttri Pty Ltd	605 936 874



To the creditor addressed
*Macro Group of Companies (Refer to attached
 schedule of entities) (Macro Group)*
Second report to creditors
 30 January 2018

Macro Group of Companies

Schedule of companies to which we have been appointed as Liquidators (page 2 of 2)

Macro Group of Companies		
#	Company Name	ACN
40	Reddirt Enterprises Pty Ltd	609 165 586
41	Sturts Pea Pilbara Pty Ltd	601 623 081
42	Sweet Boronia Pty Ltd	601 623 189
43	Takenway Pty Ltd	605 545 417
44	Teale WA Pty Ltd	607 118 007
45	Twistjac Pty Ltd	607 118 016
46	Veneman Pty Ltd	607 135 535
47	WA Pilbara Property Options Pty Ltd	601 623 205
48	WAH Holdings WA Pty Ltd	607 118 061
49	73KAN Pty Ltd	601 622 708
50	Endeavour Holdings Group Pty Ltd	136 024 827
51	Newmine Pty Ltd	606 027 267
52	Peregrine Falcon Pty Ltd	601 623 152
53	Python Pool Pty Ltd	601 623 161
54	Spinifex Mallee Pty Ltd	601 623 125
55	WA Land Investments Pty Ltd	601 623 090
56	Diep WA Pty Ltd	607 538 849
57	Fifo Fix Pty Ltd	601 622 682
58	Grasswren Pty Ltd	601 622 637
59	Hendry Estate Pty Ltd	608 032 604
60	Marchibold Pty Ltd	607 118 089
61	AGKM Green Pty Ltd	607 117 706
62	Aiple Enterprises Pty Ltd	607 117 724
63	BA Sullivan Pty Ltd	607 135 286
64	Brayst WA Pty Ltd	609 165 479
65	Chippere Pty Ltd	607 117 662
66	Christians Holdings WA Pty Ltd	607 135 302
67	Dee Vee Enterprises Pty Ltd	145 136 652
68	EDWY 14 WA Pty Ltd	610 296 645
69	Ferrous Ferric Pty Ltd	607 117 948
70	Hedland Projects Pty Ltd	145 328 418
71	Kurst WA Pty Ltd	611 094 332
72	Macpherson Realty Options Pty Ltd	126 711 162
73	Macro Projects TS PH Pty Ltd	169 433 158
74	MCKST Pty Ltd	610 296 618
75	MRF Kurra Pty Ltd	603 215 756
76	Newkins WA Pty Ltd	609 165 568
77	Prime Holdings Group Pty Ltd	131 361 450
78	Splendiferous Enterprises Pty Ltd	606 731 177



Annexure A - Court Orders dated 23 January 2018

Macro Group of Companies

IN THE SUPREME COURT OF WESTERN AUSTRALIA

COR 8 of 2018

EX PARTE

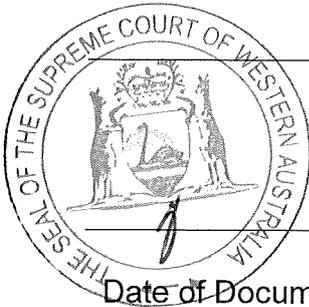
HAYDEN LEIGH WHITE in his capacity as joint and several liquidator of MACRO REALTY DEVELOPMENTS PTY LTD (ACN 159 678 930) (in liquidation) and MACRO REALTY PTY LTD (ACN 143 381 060) (in liquidation)

First Plaintiff

-and-

MATTHEW DAVID WOODS in his capacity as joint and several liquidator of MACRO REALTY DEVELOPMENTS PTY LTD (ACN 159 678 930) (in liquidation) and MACRO REALTY PTY LTD (ACN 143 381 060) (in liquidation)

Second Plaintiff



ORDER MASTER SANDERSON
DATE: 23 JANUARY 2018

Date of Document: 23 January 2018

Filed on behalf of: The Applicants

Date of filing: 23 January 2018

Prepared by:

Lavan
Level 18
1 William Street
PERTH WA 6000

Telephone No.: 08 9288 6000
Facsimile No.: 08 9288 6001
Reference: DBM:AJR:1156096
Alison Robertson

UPON APPLICATION of the plaintiffs by originating process filed 12 January 2018
IT IS ORDERED that:

- 1 Subject to order 4, the plaintiffs treat the amount of \$290,513.80
previously held in the trust account of Effective Legal as assets of Macro

Realty Developments Pty Ltd and Macro Realty Pty Ltd, (**Companies**) to be dealt with in the ordinary course of the liquidation of the Companies.

- 2 The confidential affidavit of Hayden Leigh White sworn on 12 January 2018 and the confidential supplementary affidavit of Daniel Bruce Moss sworn on 22 January 2018 to be placed in sealed envelopes and not to be opened or accessed without leave of the Court.
- 3 The plaintiffs serve a copy of these orders on the creditors of the Companies within seven days of the Orders.
- 4 The creditors of the Companies have liberty to apply to vary or set aside the orders within 14 days of service of a copy of these orders as provided for in Order 3.
- 5 The costs of this application be costs in the liquidation of the Companies.



BY THE COURT

C.W. Sanderson
MASTER SANDERSON



Annexure B - List of properties subject to the Liquidators control

Macro Group of Companies

Properties controlled by the Liquidators

#	Company name	Property address	Area
1	AGKM Green Pty Ltd	2 Caldera Road, Newman	Newman Estate
2	Ferrous Ferric Pty Ltd	15 Talbot Road, Newman	Newman Estate
3	Hendry Estate Pty Ltd	14 May Road, Newman	Newman Estate
4	Hendry Estate Pty Ltd	12 May Road, Newman	Newman Estate
5	Newhale Pty Ltd	12 Talbot Road, Newman	Newman Estate
6	Newhale Pty Ltd	12 Cotton Road, Newman	Newman Estate
7	Newmine Pty Ltd	20 Talbot Road, Newman	Newman Estate
8	Newmine Pty Ltd	31 Talbot Road, Newman	Newman Estate
9	Splendiferous Enterprises Pty Ltd	3 Caldera Road, Newman	Newman Estate
10	Splendiferous Enterprises Pty Ltd	31 Fletcher Loop, Newman	Newman Estate
11	59 Kurra at Newman Pty Ltd	37 Kingsmillii Loop, Newman	Kurra Estate
12	73KAN Pty Ltd	9 Kingsmillii Loop, Newman	Kurra Estate
13	BA Sullivan Pty Ltd	43 Kingsmillii Loop, Newman	Kurra Estate
14	Christians Holdings WA Pty Ltd	48 Kingsmillii Loop, Newman	Kurra Estate
15	Crimson Chat Pty Ltd	29 Kingsmillii Loop, Newman	Kurra Estate
16	East Pilbara Holdings Pty Ltd	19 Kingsmillii Loop, Newman	Kurra Estate
17	Fortescue Falls Pty Ltd	21 Kingsmillii Loop, Newman	Kurra Estate
18	Newman 57K Pty Ltd	41 Kingsmillii Loop, Newman	Kurra Estate
19	Newman 57K Pty Ltd	31 Kingsmillii Loop, Newman	Kurra Estate
20	Northern Quoll Pty Ltd	7 Kingsmillii Loop, Newman	Kurra Estate
21	Python Pool Pty Ltd	13 Snappygum Street, Newman	Kurra Estate
22	Python Pool Pty Ltd	56 Kingsmillii Loop, Newman	Kurra Estate
23	Spinifex Mallee Pty Ltd	12 Kingsmillii Loop, Newman	Kurra Estate
24	Sweet Boronia Pty Ltd	51 Kingsmillii Loop, Newman	Kurra Estate
25	WA Pilbara Property Options Pty Ltd	57 Kingsmillii Loop, Newman	Kurra Estate
26	WA Pilbara Property Options Pty Ltd	49 Kingsmillii Loop, Newman	Kurra Estate