

27 November 2024

Dear Sir/Madam

**Keystone Asset Management Ltd
(Receivers and Managers Appointed) (Administrators Appointed)
ACN 612 443 008 (KAM or the Company)**

We refer to our report to creditors pursuant to s75-225 of the Insolvency Practice Rules (Corporations) 2016 dated 25 November 2024 in the above matter (**VA Report**).

At approximately 11:46PM on Friday, 22 November 2024, we received an additional Deed of Company Arrangement (**DOCA**) proposal. The timing of receipt of the proposal did not provide sufficient time for the DOCA proposal to be considered and incorporated into the VA Report.

Accordingly, we now provide attached a supplementary report (**Supplementary Report**) pursuant to s75-225 of the Insolvency Practice Rules (Corporations) 2016 providing details of the additional DOCA proposal received for creditors' consideration.

We also note that a revised proxy form is attached as **Appendix A**. This supersedes the proxy form annexed to our VA Report.

Should you have any queries regarding this report or the administration in general, please contact this office by email to shieldinvestors@deloitte.com.au.

Yours faithfully



Jason Tracy
Joint and Several Administrator



Voluntary Administrators' Supplementary Report to Creditors

Pursuant to Section 75-225 of the Insolvency Practice Rules (Corporations) 2016

Keystone Asset Management Ltd
(Receivers & Managers Appointed) (Administrators Appointed)
ACN 612 443 008

27 November 2024

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Glossary

Definitions in this Supplementary Report are consistent with those within the VA Report glossary. Only new defined terms are included in this Glossary.

Chiodo Corporation	Chiodo Corporation Pty Ltd
City Built	City Built Pty Ltd
Filippini DOCA Proposal or Third Proposal	Proposal for DOCA received from Mr Filippini on 22 November 2024
Filippini Proceeding	Proceeding commenced by the Administrators and Receivers against City Built and Mr Filippini and related parties
Mr Filippini	Mr Roberto Filippini
NewCo	A special purpose vehicle to be incorporated under the terms of the Filippini DOCA Proposal
Purchase Price	\$75m, being the amount payable by the proponent for the acquisition of the Receivable Loans under the terms of the Filippini DOCA Proposal
Receivable Loans	All loan receivables of Keystone (including the SPV Loans)
SPV Developments	Property developments in Port Douglas, Victoria, K'Gari (Fraser Island) and Fiji
SPV Loans	Loans and other debt-like instruments provided by the Company as trustee of the ADPF to certain SPVs
Supplementary Report	Supplementary report to the VA Report
Unsecured Priority Creditors	Unsecured creditors of Keystone are proposed to be treated as priority creditors under the Filippini DOCA Proposal
VA Report	Voluntary Administrators' report to creditors pursuant to s75-225 of the Insolvency Practice Rules (Corporations) 2016 issued on 25 November 2024

1 Executive Summary

1.1 Voluntary Administrators Report to Creditors

On 25 November 2024, Lucica Palaghia and I (**Administrators**), as voluntary administrators of Keystone Asset Management Limited (**Company** or **KAM**) provided creditors with a report prepared pursuant to s75-225 of the Insolvency Practice Rules (Corporations) 2016 (**VA Report**).

1.2 Supplementary Report

At approximately 11:46PM on Friday, 22 November 2024, the Administrators received an additional Deed of Company Arrangement (**DOCA**) proposal. The timing of receipt of the proposal did not provide sufficient time for the DOCA proposal to be considered and incorporated into the VA Report.

Accordingly, we now provide this Supplementary Report which has been prepared pursuant to s75-225 of the Insolvency Practice Rules (Corporations) 2016 (**IPR**) to creditors, providing details of the additional DOCA proposal received for creditors' consideration.

This Supplementary Report should be read in conjunction with the VA Report. Unless otherwise specified, defined terms in this report have the same meaning as given to them in the VA Report.

1.3 Deed of Company Arrangement (DOCA) proposals discussed in the VA Report

At **Section 9** of the VA Report, we provided details of two (2) DOCA proposals that had been received over the course of the voluntary administration. Those DOCA proposals included the Arbitrium DOCA and the Second Proposal, received from Mr Paul Chiodo.

For the reasons set out in the VA Report, we considered that:

- The Arbitrium DOCA proposal was not in the best interests of creditors, and
- The Second Proposal was unable to be put to creditors where the proponent (Mr Paul Chiodo) refused to consent to the Administrators disclosing its contents to creditors or third parties to understand the likelihood that it was capable of execution, meaning the Administrators were unable to give consideration to the proposal or present it to creditors for consideration at the second meeting of creditors.

1.4 Third Proposal

At approximately 11:46PM on Friday, 22 November 2024, the Administrators received an additional DOCA proposal from Mr Robert Filippini via his advisors, Pitcher Partners (**Filippini DOCA Proposal or Third Proposal**).

A copy of the Filippini DOCA Proposal, including supporting documents is attached at **Appendix B**.

The Filippini DOCA is discussed in detail at **Section 2** of this Supplementary Report. The key features of the Filippini DOCA are as follows:

1. Mr Roberto Filippini (**Mr Filippini**) will incorporate a special purpose vehicle (**NewCo**).
2. NewCo will acquire all loan receivables of Keystone (including the SPV Loans) (**Receivable Loans**) for \$75m (**Purchase Price**).
3. The Purchase Price will be funded and paid as follows:
 - a. \$50m from the funds which Chiodo Corporation Pty Ltd (**Chiodo Corporation**) had paid to Mr Filippini and City Built Pty Ltd (**City Built**) which were subsequently frozen in Federal Court of Australia Proceeding No. VID978/2024 (the **Frozen Funds**) as a result of the orders made in the Filippini Proceeding payable upon release of the Frozen Funds; and

- b. \$25m within 12 months (secured by all assets security in favour of the Company over 'NewCo' albeit NewCo is itself a special purpose vehicle (SPV)).
4. The balance of the Frozen Funds will be released to NewCo.
5. Following payment of the Purchase Price, the Filippini Proceeding will be dismissed and Mr Filippini and his related entities released from liability.
6. Creditors, unitholders and investors will be paid from a DOCA Fund, comprising the Bell Potter Securities, the Purchase Price and any other assets held by KAM in its own right or as trustee/responsible entity.
7. Unsecured creditors of KAM will be treated as "priority" creditors (**Unsecured Priority Creditors**). Unitholders/investors in the Shield Master Fund (**SMF**) and/or Advantage Diversified Property Fund (**ADPF**) are to be treated as unsecured creditors and paid after the Unsecured Priority Creditors.
8. NewCo will advance the balance of the Frozen Funds to the SPVs so that the developments can be completed (although it is to be noted that creditors, unitholders and investors will no longer have any interest in respect of the developments, following NewCo acquiring the Receivable Loans and notwithstanding that the Administrators and Receivers consider balance of the Frozen Funds comprises investor funds).
9. KAM will be wound up after the DOCA Fund is distributed. The earliest this could occur is 12 months following execution of the DOCA (i.e. once the \$25m balance of the Purchase Price is received).

For the reasons set out in **Section 2.2.5** of this Supplementary Report, the Administrators have formed the view that execution of the Filippini DOCA Proposal would not be in the best interests of creditors (including unitholders and underlying investors) for the following reasons:

- The Filippini DOCA Proposal appears to contemplate the realisation of scheme/trust assets (including the Bell Potter Securities and Receivable Loans) to pay all creditors without regard to whether they are scheme or trust or non-scheme, non-trust creditors. The use of scheme or trust property to satisfy non-scheme/non-trust debts constitutes a misappropriation of scheme or trust property. There is no apparent benefit to the SMF from this diversion of scheme or trust property where non-scheme and non-trustee creditors otherwise have no claim to scheme or trust assets.
- The Third Proposal compromises the Filippini Proceeding commenced by the Administrators and Receivers against City Built and Mr Filippini and related parties. The total amount claimed in the Filippini Proceeding is approximately \$158m, and the Administrators and Receivers have obtained orders freezing funds sitting in bank accounts totalling approximately \$110m. If the Company was wound up and the Administrators were appointed liquidators, they would continue to pursue this claim (in their dual capacity as liquidators and Receivers).
- Under the Filippini DOCA Proposal, Mr Filippini's entity, NewCo, would acquire the ADPF Loans with a total book value of c. \$331m as at 31 May 2024 (we note that interest will continue to accrue against this balance until the ADPF Loans are repaid), for a purchase price of \$75m.
- The investigations undertaken to date by ASIC, the Administrators and Receivers have identified serious misconduct and potential claims against numerous parties, including Mr Filippini and his related entities. The Administrators consider that it is in the best interests of creditors for these claims to be properly investigated and prosecuted by a liquidator.
- The Filippini DOCA Proposal is conditional upon ASIC confirming it will not object to the DOCA if the creditors and investors resolve to execute a DOCA on the terms of the Filippini DOCA Proposal. The Administrators requested ASIC to indicate whether it would agree to this condition. We have received confirmation that ASIC is not willing to provide the confirmation referred to in paragraph 6(c) of the Filippini DOCA Proposal.

Accordingly, the Filippini DOCA Proposal is unlikely to provide a better return to creditors than an immediate liquidation and the Administrators do not recommend that creditors approve the Filippini DOCA Proposal at the meeting of creditors.

1.5 Estimated return to creditors

1.5.1 Estimated return in a winding-up

As set out in the VA Report we estimate returns to the Company's creditors in a winding-up as follows:

- If KAM is entitled to a full indemnity out of scheme or trust property up to and including 28 August 2024, 100 cents in the dollar (in the table below "Indemnified"), or

- If KAM is not entitled to a full indemnity out of scheme or trust property up to and including 28 August 2024, between 61 and 83 cents in the dollar (in the table below, “Not indemnified”).

Estimated Statement of Position - Wind Up	Book value	Indemnified	Not indemnified	
			Low	High
Return to unsecured creditors (cents in \$)	100	100	61	83
Return to shareholders of KAM	TBC	Nil	Nil	Nil

We are not aware of any secured or priority creditor claims against the Company.

Whether the Company’s creditors are ‘indemnified’ or not, is a matter which requires Court directions in circumstances where the Company may have breached its duties as RE of the SMF, trustee of the ADPF and trustee of the Quantum PE Fund.

We also note that the above estimates are qualified to the extent of claims of which are provable and admitted in a DOCA and or liquidation.

1.5.2 Estimated return under the Arbitrium DOCA

While the Arbitrium DOCA proposal purports to provide for full repayment of KAM’s creditors through assumption of those liabilities we are concerned that creditors will not be able to be repaid through the DOCA despite the proponent’s claims for the reasons set out in **Section 9.2** of the VA Report.

1.5.3 Estimated return under the Filippini DOCA

The Filippini DOCA Proposal purports to provide for full repayment of KAM’s creditors as Unsecured Priority Creditors to the Deed Fund created under its terms. However, we highlight that:

- Full repayment of creditors relies on the realisation of certain SMF and ADPF assets to be applied to this (and other) purposes. The use of scheme or trust property to satisfy non-scheme/non-trust debts constitutes a misappropriation of scheme/trust property. There is no apparent benefit to the SMF from this diversion of scheme/trust property where non-scheme/non-trustee creditors otherwise have no claim to scheme/trust assets. **Accordingly, we are concerned that creditors will not be able to be repaid through the DOCA despite the proponent’s claims.**
- In addition, the Administrators have significant concerns with the commercial arrangements contained in the Filippini DOCA Proposal which are discussed in detail in **Section 2.2.4** and **2.2.5** of this Supplementary Report which result in the significant compromise of claims that could be pursued by a liquidator.

1.6 Voluntary Administrators’ Opinion

In accordance with s75-225(3) of the Insolvency Practice Rules (IPR) we provide the following statements:

- It is our opinion that it is **not** in the best interests of creditors for the voluntary administration of KAM to end and control of KAM be returned to the directors, as it is insolvent and unable to fulfil its duties under its Australian Financial Services Licence (AFSL) and in relation to its various capacities as RE or trustee (as applicable) to SMF, Quantum PE Fund and ADPF.
- It is our opinion that it is **not** in the best interests of creditors to approve the Arbitrium DOCA for the reasons set out in the VA Report.
- It is our opinion that it is **not** in the best interests of creditors to approve the Filippini DOCA for the reasons set out in **Section 2.2.4** and **2.2.5** of this Supplementary Report.
- It is therefore our opinion that it **is** in the best interests of creditors for KAM to be wound up as it results in a faster and more certain return for creditors, and provides access to potential recoveries arising from further prosecutions and investigations by the liquidators to the unitholders and underlying investors.

The reasons for our opinion are discussed throughout the VA Report (including in **Section 9** which discusses in detail the Administrators' concerns with the Arbitrium DOCA) and at **Section 2** of this Supplementary Report which discusses in detail the Administrators' concerns with the Filippini DOCA Proposal.

1.7 Second Meeting of Creditors

We confirm that in accordance with the Notice of Meeting issued with the VA Report, pursuant to s439A of the Act and in accordance with the orders made for an extension of the convening period discussed in the VA Report, the second meeting of creditors will be held virtually at **11:00AM (AEDT) on 2 December 2024**.

Formal notice of the meeting was attached to the VA Report.

An updated proxy form is attached at **Appendix A**:

- This updated form now provides creditors with the option to vote on the Filippini DOCA Proposal in addition to the options included for the future of the Company in the original proxy form attached to the VA Report.
- Creditors wishing to nominate a special proxy should use this updated form to confirm their intentions in relation to all available options for the future of the Company.
- Any creditor that has already nominated a general proxy to vote at the meeting does not need to complete an updated form – your nominated representative will be able to vote on each resolution (including in respect of the Filippini DOCA Proposal) on your behalf at the meeting.

2 Deed of Company Arrangement (“DOCA”)

We have received approaches from three (3) parties seeking to advance proposals for a DOCA:

1. Arbitrium Capital Partners (**Arbitrium DOCA**)
2. From Mr Paul Chiodo (**Second Proposal**), and
3. From Mr Roberto Filippini (**Filippini DOCA Proposal or Third Proposal**).

The creditors will be asked to decide whether to vote in favour of the Arbitrium DOCA or the Filippini DOCA, or any other proposal capable of being put to the creditors, at the forthcoming meeting of creditors on 2 December 2024.

The Arbitrium DOCA and Second Proposal are discussed in detail in the VA Report.

2.1 Introduction

A DOCA is a binding agreement between the Company, its creditors and the appointed Deed Administrators. If the required majority of creditors (being greater than 50% of those who vote, calculated both in number and value) vote in favour of a DOCA it becomes binding on all creditors, including those in minority who voted against it as well as any creditors who abstained from voting. The purpose of a DOCA is to provide creditors with a better outcome than would otherwise be received in the alternative liquidation scenario.

The Arbitrium DOCA and Second Proposal are discussed in detail in the VA Report. The Filippini DOCA Proposal is discussed in detail below.

2.2 Filippini DOCA Proposal

2.2.1 Background

At approximately 11:46PM on Friday, 22 November 2024, the Administrators received the Filippini DOCA Proposal.

A copy of the Filippini DOCA Proposal, including supporting documents is attached at **Appendix B**.

2.2.2 Background to Mr Filippini and City Built Pty Ltd

Mr Filippini is the director of City Built, being the main “contractor” responsible for construction of the developments undertaken by special purpose vehicles related to Chiodo Corporation and Mr Chiodo (**SPVs**) and funded by loans and other debt-like instruments from the Company as trustee of the ADPF (**SPV Loans**). In total, there were ten (10) SPV Loans for developments in Port Douglas, Victoria, K’Gari (Fraser Island) and Fiji (**SPV Developments**). The book value of the SPV Loans, inclusive of principal and interest, as recorded in the Company’s records as at 31 May 2024 was \$297,782,017.

Based on the Administrators’ investigations to date, there are no construction contracts in place between City Built (or any other related entity) and the SPVs in relation to the SPV Developments, despite City Built’s status as the main contractor to the SPVs. Chiodo Corporation is the development manager for each of the SPV Developments (other than 417 Bellmere Pty Ltd).

As part of the sources and uses work, the Administrators (in their concurrent role as Receivers) have identified payments totalling \$158m from investor funds. These payments substantially exceed the value of works assessed as having been undertaken on the SPV Developments.

The Administrators and Receivers have commenced proceedings against City Built and Mr Filippini and related parties seeking various relief in respect to the above conduct (**Filippini Proceeding**). The total claimed against City Built and Mr Filippini and related parties in the Filippini Proceeding is approximately \$158m.

As part of the Filippini Proceeding, the Administrators and Receivers have identified and obtained freezing orders over funds in bank accounts held by Mr Filippini, his family members and related entities totalling approximately \$110m. Forensic analysis of the bank accounts verifies that the Frozen Funds were almost exclusively derived from investor funds.

2.2.3 Key features of the Filippini DOCA Proposal

The key features of the Filippini DOCA Proposal are as follows:

1. Mr Filippini will incorporate a special purpose vehicle (**NewCo**).
2. NewCo will acquire all loan receivables of Keystone (including the SPV Loans) (**Receivable Loans**) for \$75m (**Purchase Price**).
3. The Purchase Price will be funded and paid as follows:
 - a. \$50m from the Frozen Funds as a result of the orders made in the Filippini Proceeding payable upon release of the Frozen Funds; and
 - b. \$25m within 12 months (secured by all assets security in favour of the Company over 'NewCo' albeit NewCo is itself a special purpose vehicle).
4. The balance of the Frozen Funds will be released to NewCo.
5. Following payment of the Purchase Price, the Filippini Proceeding will be dismissed and Mr Filippini and his related entities released from liability.
6. Creditors and investors will be paid from a DOCA Fund, comprising the Bell Potter Securities, the Purchase Price and any other assets held by KAM in its own right or as trustee/RE.
7. Unsecured creditors of KAM will be treated as "priority" creditors (**Unsecured Priority Creditors**). Unitholders/investors in the SMF and/or ADPF are to be treated as unsecured creditors and paid after the Unsecured Priority Creditors.
8. NewCo will advance the balance of the Frozen Funds to the SPVs so that the developments can be completed (although it is to be noted that creditors, unitholders and investors will no longer have any interest in respect of the developments, following NewCo acquiring the Receivable Loans and notwithstanding that the Administrators and Receivers consider the balance of the Frozen Funds comprises investor funds).
9. Keystone will be wound up after the DOCA Fund is distributed. The earliest this could occur is 12 months following execution of the DOCA (i.e. once the \$25m balance of the Purchase Price is received).

2.2.4 Estimated return to KAM creditors from the Filippini DOCA Proposal

The Filippini DOCA Proposal appears to contemplate the realisation of scheme/trust assets (including the Bell Potter Securities and Receivable Loans) to pay all creditors without regard to whether they are scheme or trust or non-scheme, non-trust creditors.

We refer to **paragraph 9.2.3.5** of our VA Report where we discuss a similar proposal contained in the Arbitrium DOCA. The use of scheme or trust property to satisfy non-scheme/non-trust debts constitutes a misappropriation of scheme or trust property. There is no apparent benefit to the SMF from this diversion of scheme or trust property where non-scheme and non-trustee creditors otherwise have no claim to scheme or trust assets.

If the proposal was able to be lawfully effectuated (where there exists considerable doubt that this is possible), it would result in full repayment of the Company's creditors (not including unitholders or investors) **from scheme or trust assets where Company creditors were originally meant to be paid by the Company from its own funds. That is, unitholders and investors will bear the financial impact of paying the Company's creditors under this proposal.**

On the other hand, the Filippini DOCA Proposal appears to contemplate that unitholders and investors could not prove as Unsecured Priority Creditors and that their claims would instead be deferred. The Filippini DOCA Proposal does not include any calculations and we are therefore not in a position to report on the likely return to investors under the proposal. However, as set out below, the Filippini DOCA Proposal involves compromising the Filippini Proceeding and Receivable Loans for a significant discount which we consider will result in a worse outcome for creditors as a whole (including unitholders and underlying investors) than liquidation.

2.2.5 Filippini DOCA Proposal not in the best interests of creditors, unitholders and underlying investors

The Administrators have formed the view that execution of the Filippini DOCA Proposal would not be in the best interests of creditors (including unitholders and underlying investors) for the following reasons.

2.2.5.1 Compromise of Filippini Proceeding

As set out above, the total amount claimed in the Filippini Proceeding is approximately \$158m. If the Company was wound up and the Administrators were appointed liquidators, they would continue to pursue this claim (in their dual capacity as liquidators and Receivers).

The Administrators and Receivers have obtained orders freezing funds sitting in bank accounts held by Mr Filippini, City Built and other related Filippini parties totaling approximately \$110m. Accordingly, if the Filippini Proceedings are successful, there are funds available to satisfy judgment.

In the circumstances, compromising the claims in the Filippini Proceeding for approximately 50% of the amount claimed and for approximately 68% of the Frozen Funds (before taking into account other aspects of the Filippini Proceeding which might result in the recovery of further investor funds) is not in the best interests of creditors (including unitholders and underlying investors).

2.2.5.2 Purchase of the Receivables Loan for \$75m

As set out above, the book value, principal and interest, of the SPV Loans as recorded in the Company's records as at 31 May 2024 is \$297,782,017. In addition to these loans, the Company advanced funds to Chiodo Corporation in respect to the Venice transaction (book value as at 31 May 2024 of \$30,939,442) and other project costs (book value as at 31 May 2024 of \$2,072,300). The total of all loans (**ADPF Borrower Loans**) comprising the Receivables Loan is c. \$331m (book value as at 31 May 2024, excluding amounts categorised as 'other receivables' and 'Debtors and other loans' in the Company's books and records, which we have assumed to be outside of the assets to be acquired under the terms of the Filippini DOCA Proposal).

Under the Filippini DOCA Proposal, Mr Filippini's entity, NewCo, would acquire the ADPF Loans for \$75m, being approximately 22% of the book value of the ADPF Loans.

When considered with the compromise of the Filippini Proceeding, the Filippini DOCA Proposal has the effect of compromising claims of approximately \$490m (being the value of the ADPF Loans and the amount claimed in the Filippini Proceedings) for \$75m, representing a discount of approximately 85%.

The Filippini DOCA Proposal allows the SPVs (controlled by Mr Chiodo) to retain ownership of the SPV Developments and obtain the value of the developments, together with Mr Filippini or his related entities. The balance of the Frozen Funds would be released to NewCo to complete the SPV Developments. The Company, creditors (including unitholders and investors), would have no ongoing interest in the SPV Developments.

In other words, for a payment to creditors of \$75m, the creditors would need to agree to compromise total claims of at least \$513m:

- The Filippini Proceeding of approximately \$158m;
- Amounts recoverable under the ADPF Loans (book value of c. \$331m as at 31 May 2024, noting that interest will continue to accrue until the ADPF Loans are repaid), including all of the SPV Loans;
- Amounts in respect of the Venice transaction (of which approximately \$26m is held in an escrow account), and
- Any other Company assets (including scheme and trust assets) including potential claims available to the Receivers and/or liquidators (discussed below).

2.2.5.3 Investigation and prosecution by liquidators in best interests of creditors, unitholders and investors

The investigations undertaken to date by ASIC, the Administrators and Receivers have identified serious misconduct and potential claims against numerous parties, including the Mr Filippini and his related entities. The Administrators consider that it is in the best interests of creditors for these claims to be properly investigated and prosecuted by a liquidator.

Whilst in some administrations, there are questions over the recoverability of such claims, in the administration of the Company, the Administrators have identified (and protected) significant assets that are available to satisfy claims in a liquidation where, among other things, the Filippini Proceeding is successfully litigated. In addition to the Frozen Funds,

the Administrators and Receivers have lodged caveats on a number of properties held by parties under investigation and where there is evidence that investor funds have been used to purchase that property.

In addition to claims identified and prosecuted to date, there are a number of other avenues of investigation that could give rise to further claims and recoveries. For example, the Administrators and Receivers have identified payments to Lead Generators of approximately \$65m. A liquidator may have claims against both the Lead Generators who received these payments, and the related parties of KAM that allowed these payments to be made out of trust assets.

A liquidator has enhanced powers of investigation and prosecution beyond the powers of receivers and administrators which will assist with any actions.

2.2.5.4 Conditions Precedent cannot be achieved

The Filippini DOCA Proposal is conditional upon ASIC confirming it will not object to the DOCA if the creditors and investors resolve to execute a DOCA on the terms of the Filippini DOCA Proposal.

The Administrators requested ASIC to indicate whether it would agree to this condition. We have received confirmation that ASIC is not willing to provide the confirmation referred to in paragraph 6(c) of the Filippini DOCA Proposal.

2.2.6 Conclusion

The key purpose of a DOCA is to maximise a company's chance of survival and/or to provide a better return to creditors than an immediate liquidation. In the Administrators' view, the Filippini DOCA Proposal achieves neither of these aims.

The Filippini DOCA Proposal does not contemplate the ongoing existence of the Company. The Company will only continue in operation until such time as the Purchase Price is received and the DOCA Fund is then distributed.

For the reasons set out above, the Filippini DOCA Proposal is unlikely to provide a better return to creditors than an immediate liquidation. Notwithstanding, Mr Filippini's advisor has indicated that additional time may assist him and his client in further developing the Filippini DOCA Proposal for the benefit of creditors. If creditors consider it appropriate, they may resolve to adjourn the second meeting of creditors for a period of up to 45 business days at the virtual meeting which has been convened for **11:00AM (AEDT) on Monday, 2 December 2024**.

It remains our opinion that creditors should not approve the Filippini DOCA Proposal or adjourn the second meeting of creditors as we do not consider that either of these options are in the best interests of creditors.

3 Administrators' Opinion

3.1 Introduction

The following options are available to creditors regarding the future of the Company:

- The Company execute the Arbitrium DOCA Proposal; or
- The Company execute the Filippini DOCA Proposal; or
- The administration end; or
- The Company be wound up.

Our opinions on each option and our reasons for our opinions are discussed below.

3.2 The Company execute a DOCA

For the reasons set out in detail in **Section 9.2** of the VA Report, the Administrators do not recommend the Arbitrium DOCA proposal.

For the reasons set out in **Section 2.2** of this Supplementary Report, the Administrators do not recommend the Filippini DOCA Proposal.

There is no other proposal capable of being considered.

3.3 The administration should end

Based on our analysis, the Company is presently insolvent and unable to pay its debts as and when they fall due and payable. Ending the administration would result in control of the Company being passed back to the directors. There are no reliable plans in place to address the Company's financial and regulatory difficulties and as such, this would expose the directors to the possibility of liability for insolvent trading (among other liabilities under the Act and relating to its AFSL). Accordingly, we cannot recommend that the administration end and control be returned to the directors.

3.4 The Company be wound up

We do not believe it is in creditors' best interests to enter into the proposed Arbitrium DOCA or Filippini DOCA Proposal for the reasons outlined in the VA Report and this Supplementary Report. Given the Company is insolvent and it would not be in the interests of creditors to end the administration, we believe it is in the best interests of creditors to resolve to wind the Company up. This will result in liquidators being appointed who are then in a position to complete the investigations that have been conducted to date and, allow the liquidators to consider pursuing any or all of the potential legal recovery actions in order to maximise the likely return to creditors.

3.5 Recommendation

In our opinion, creditors would be best served if the company is wound up.

Our recommendation to creditors may change should there be any change to either of the DOCA proposals received to date, or if an alternate DOCA proposal is received subsequent to the date of this Supplementary Report.

Should we receive any new information relevant to creditors between issuing this Supplementary Report and the date of the creditors' meeting, a summary will be made available to creditors as soon as practicable.

3.5.1 Other Material Information

We are not aware of any other information that is materially relevant to creditors being able to make an informed decision on the Company's future.

4 Meeting

Pursuant to s439A(3) of the Act and s75-225 of the IPR, the second meeting of creditors will be held via videoconference at **11:00AM (AEDT) on 2 December 2024**. Notice of this meeting was provided with our VA Report.

We trust creditors find this Supplementary Report informative and useful. In the event you have any queries regarding the contents of this Supplementary Report, the VA Report, or the administration in general, please do not hesitate to contact our team by email to shieldinvestors@deloitte.com.au.

Yours faithfully



Jason Tracy
Joint and Several Administrator

Appendix A – Updated Proxy Form (Form 532)

FORM 532
APPOINTMENT OF PROXY
 CREDITORS MEETING

KEYSTONE ASSET MANAGEMENT LTD
 (RECEIVERS AND MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED)
 ACN 612 443 008 (the Company)

*I/*We ⁽¹⁾	
Of (insert Address)	
being a creditor of the Company, appoint ⁽²⁾ :	
Or in his or her absence ⁽²⁾ :	
to vote for me/us on my/our behalf at the virtual meeting of creditors to be held on Monday, 2 December 2024 at 11:00AM (AEDT) , or at any adjournment of that meeting.	

Please mark boxes with X

Proxy Type: General Special

	For	Against	Abstain
Future of the company			
Resolution 1 To consider and if thought fit, pass the following resolution (choose ONE of a, b or c):			
a) That the Company executed a Deed of Company Arrangement (DOCA) as proposed by Arbitrium Capital Partners as described in the Administrators' report to creditors dated 25 November 2024 and that Jason Mark Tracy and Glen Kanevsky be appointed as the Deed Administrators.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) That the Company executed a Deed of Company Arrangement (DOCA) as proposed by Mr Filippini as described in the Administrators' supplementary report to creditors dated 27 November 2024 and that Jason Mark Tracy and Glen Kanevsky be appointed as the Deed Administrators.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
That the Administration end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
That the Company be wound up and Jason Mark Tracy and Glen Kanevsky be appointed Joint and Several Liquidators.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prior Administrators' remuneration and disbursements			
Resolution 2 That the remuneration of the Prior Administrators for the period 28 August 2024 to 6 October 2024 in the amount of \$100,669.50, excluding GST, calculated on the basis of time spent by the Prior Administrators and KordaMentha staff as detailed in the Remuneration Approval Report to creditors dated 14 November 2024, is approved for payment immediately or as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolutions 3 That the internal disbursements of the Prior Administrators, including those paid to staff, for the period 28 August 2024 to 5 September 2024 in the amount of \$400.00, excluding GST, calculated at the rates as detailed in the Remuneration Approval Report to creditors dated 14 November 2024, as approved for payment immediately or as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed 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 or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

(1) If a firm, strike out "I" and set out the full name of the firm.

(2) Insert the name, address and description of the person appointed

Appendix B – Filippini DOCA Proposal

Keystone Asset Management Ltd (Administrators Appointed) (Receivers & Managers Appointed) (Keystone)

PROPOSAL FOR DEED OF COMPANY ARRANGEMENT

1. DOCA Proponent

Mr Roberto Filippini (the **Proponent**) is the proponent to the DOCA set out in this proposal document (the **DOCA Proposal**).

The Proponent is involved in four complementary businesses, amongst others:

- City Built Pty Ltd (City Built): a construction business established in 2014 which operates across Victoria and Queensland.
- Force 1 Construction Pty Ltd (Force 1 Construction): a business established in 2016 which operates across Victoria and Queensland.
- Force 1 Construction Queensland Pty Ltd (Force 1 Construction QLD): a licenced construction business recently acquired and rebranded to undertake Queensland based construction work.
- Force 1 Security Pty Ltd (Force 1 Security): an armed corporate security business licenced with authorities in Victoria and Queensland. The security business provides 24 hour monitoring and emergency response to some of Melbourne's most valuable retail businesses such as Ferrari, Lamborghini, McLaren, Rolls Royce and others as well as US based A-List celebrities, government officials and members of the Melbourne judiciary.

The Proponent holds an individual building licence in both Victoria and Queensland allowing him to construct all classes of buildings. The Proponent has previously worked with preeminent companies as a general contractor including Grocon Construction, Barry Plant and Hickory Builders on iconic Melbourne projects such as the Melbourne Myer Emporium, The Age Building, AAMI Park and the Peter MacCallum Cancer Centre.

Letters of recommendation from former CEO and Executive Chairman of Grocon, Daniel Grollo, and Director of Barry Plant, John Aaron Nakic, attesting to the Proponent's construction and security expertise are **attached** to this proposal.

In more recent years, the Proponent has worked closely with David Sagor who is the owner of Seascape Construction Pty Ltd (**Seascape Construction**). Mr Sagor is the licensed nominee and, together with the Proponent, a director of Force 1 Construction QLD.

The Proponent specialises in turning around and completing distressed construction projects. The Proponent utilises his construction and security expertise to assist property developers and secured lenders to forcibly remove (and keep away) difficult and non-performing builders and subcontractors from building sites to facilitate project completion. These services often involve protecting employees, building sites and works from unpaid builder and subcontractor reprisal as well as intimidation from unions and disgruntled creditors.

All Force 1 Security personnel are required to hold a valid Nationwide Security Licence. Force 1 Security and its personnel are highly regulated as is required where using firearms and protective dogs. Further details explaining the Proponent's background and the businesses he controls is **attached**. That document describes the regulatory qualifications and ongoing compliance that must be satisfied to hold the licences used in such businesses.

Force 1 Security has a good working relationship with Victoria Police, which often provides additional and coordinated support in circumstances where confrontation is foreseeable.

2. Background

Chiodo Corporation

In mid-2019, Chiodo Corporation Pty Ltd (**Chiodo Corporation**) engaged Force 1 Security to forcibly remove a problematic builder from a development in Doncaster East, Victoria.¹ Force 1 Security, with the assistance of Victoria Police, removed the builder and protected the construction site, subcontractors and Mr Chiodo personally from serious threats from the builder and parties engaged by the builder. The Proponent had no personal or business relationship with Mr Chiodo or Chiodo Corporation before this first engagement.

After the builder's removal, other Chiodo Corporation controlled sites were targeted by vandalism, blockades of trades and attempts to intimidate prospective incoming builders. One of Chiodo Corporation's sites was later the subject of a suspected arson attack.

The COVID-19 pandemic, and the subsequent inflationary environment it caused, created significant cashflow issues for construction companies. In response to challenges that arose from that environment, Chiodo Corporation hired Force 1 Security on multiple occasions to assist with further forceable removal of problem builders and subcontractors from its developments. The Proponent, Force 1 Construction and City Built often supported licenced builders on those developments such as Seascope Construction.

Until recently, the Proponent had no prior knowledge of Paul Chiodo's involvement in Keystone, including Keystone's role as a responsible entity of the Shield Master Fund (**SMF**) and/or trustee of the Advantage Diversified Property Fund (**ADPF**) or Keystone's investment choices, operations or control.

Jason Tracy of Deloitte sent a letter on 30 August 2024 informing the Proponent that funds received by Chiodo Corporation for various Chiodo Corporation-managed developments had purportedly originated from Keystone. Substantial funds which Chiodo Corporation had paid to the Proponent and City Built were subsequently frozen in Federal Court of Australia Proceeding No. VID536/2024 pursuant to a Freezing Order (with the Freezing Order carrying over to Federal Court of Australia Proceeding No. VID978/2024) (**'Frozen Funds'**). The Freezing Order has debilitated the Proponent and his businesses.

The Proponent is actively defending the Federal Court Proceedings, including the Freezing Order. The litigation is expected to take many years to reach a final outcome.

The Proponent is uniquely placed to complete the developments

The Proponent is uniquely placed and motivated to promptly complete the remaining developments. The Proponent's prior involvement with each development, expertise in delivering distressed construction projects, and strong relationships with consultants, subcontractors and suppliers will be critical to securing the most efficient and cost-effective pathway to completion.

There are significant efficiencies that will flow from the Proponent's prior involvement with the developments, including understanding the site conditions, nature and extent of prior works and, importantly, the scope of work required to achieve completion.

Replacing a project team during construction should be a last resort. It is well known by those in the construction industry that leveraging existing contractors, subcontractors and suppliers is far more time and cost effective than using replacements. Retaining the existing team avoids practical and regulatory compliance obstacles that their replacements will certainly face, including the difficulty and cost of obtaining statutory insurances and certifications.

Any replacement contractor and subcontractor appointed will normally be reluctant to complete and sign off on prior works. That reluctance is generally only overcome by taking considerable mitigation measures such as destructive testing and re-work which comes at a considerable additional cost and delay. Where avoidable, such costs are wasteful and completion costs often exceed (by a multiple) the cost of the prior work itself.

It must be understood that without relevant trade certifications provided by the existing consultants, contractors and subcontractors, there may be challenges in obtaining occupancy certificates for use and occupation of each relevant building. Those challenges are likely to adversely impact the settlement of contracts of sale and realisation of asset value and paydown of debt / return of creditor funds.

¹ See eg. "Notorious' builder Frank Nadinic continues to work in Victoria after being suspended in Queensland", ABC News (25 Nov 2019) – accessible at <https://www.abc.net.au/news/2019-11-25/builder-keeps-working-in-victoria-after-queensland-suspension/11699086>.

These adverse circumstances can be avoided by implementation of this DOCA Proposal. There are incumbent contractors and subcontractors willing and able to continue and complete the developments from where they were left after works were suspended in September 2024.

The Proponent, through his legal and advisory team, has observed the breakdown in the working relationship between Mr Chiodo, Chiodo Corporation and Jason Tracy. Without knowing the full circumstances of that breakdown, there is a risk that an ongoing prioritisation of enforcement against Chiodo Corporation jeopardises the timely and cost-efficient completion of the developments which is ultimately needed to maximise the returns to investors.

The Proponent offers creditors and investors of Keystone a far lower risk alternative which is expected to significantly reduce administration and advisor fees.

3. Objectives

The objectives of this DOCA Proposal include:

- a. the immediate release of between \$150 million and \$200 million to creditors and investors;
- b. to simplify the external administration of Keystone by acquiring all of its ADPF loans receivables for \$75 million, payable on terms with appropriate security to protect Keystone's interests;
- c. to resolve complex, uncertain, and expensive litigation, namely the Proceedings, that might otherwise remain on foot for several years, delaying the return of funds to creditors and investors of Keystone, contingent on a successful outcome;
- d. to provide investors with a more timely, certain and superior return to that projected in any liquidation alternative; and
- e. to permanently conclude the operations of Keystone.

4. Parties to the DOCA

The parties to the DOCA will be:

- a. Keystone;
- b. the Proponent;
- c. Jason Tracy and Lucica Palaghia of Deloitte in their capacity as Receivers and Managers of Keystone (**Receivers**);
- d. Jason Tracy and Lucica Palaghia of Deloitte, or in the event that Deloitte do not wish to act as Deed Administrator, the Proponent's advisors will seek consent to act from another insolvency practitioner(s) with sufficient experience prior to the meeting of creditors (**Deed Administrators**);
- e. Chiodo Corporation;
- f. the following wholly-owned subsidiaries of Chiodo Corporation:
 - i. 75 Port Douglas Road Pty Ltd;
 - ii. 33 Davidson Port Douglas Pty Ltd;
 - iii. Augustine Terrace Glenroy Pty Ltd;
 - iv. Nicholson Street Bentleigh Pty Ltd;
 - v. Norwood Ponds (Land) Pty Ltd;
 - vi. Warrigal Road Ashburton Pty Ltd;
 - vii. Luxurious Resorts (Fiji) Pte Ltd;
 - viii. 417 Bellmere Road Pty Ltd;
 - ix. Chioda K'Gari Pty Ltd;
 - x. Red Hill Terrace (Land) Pty Ltd; and
 - xi. and other entities the subject of a loan arrangement (documented or undocumented) with any of Keystone, SMF or ADPF,

(collectively the **Chiodo Corporation Borrowers**).

5. Administrators of the DOCA

Jason Tracy and Lucica Palaghia of Deloitte will be the administrators of the DOCA unless they decline to provide a Consent to Act. In the event that Deloitte do not wish to act as Deed Administrators, the Proponent's advisors will seek consent to act from another insolvency practitioner(s) with sufficient experience prior to the meeting of creditors.

6. Conditions Precedent

This DOCA Proposal is subject to the following conditions precedent:

- a. that the creditors of Keystone resolve to execute a DOCA on terms in accordance with this DOCA Proposal under section 439C(a) of the *Corporations Act 2001* (Cth) (the **Corporations Act**) at a meeting of the creditors of Keystone convened pursuant to section 439A of the *Corporations Act* (**DOCA Resolution**);
- b. the written agreement of the Receivers and Deed Administrators to stay/adjourn the Proceedings against the Proponent and his associated entities and subsequently dismiss the Proceedings and release the Proponent and his associated entities from all civil claims upon payment of the Purchase Price; and
- c. confirmation from the Australian Securities and Investments Commission that it will not object to the DOCA if creditors and investors so resolve to execute a DOCA on the terms of this DOCA Proposal.

7. The DOCA Fund

The **DOCA Fund** will consist of:

- a. all cash and cash equivalents currently controlled by the Receivers and Voluntary Administrators of Keystone, including all assets Bell Potter Securities Limited holds for the SMF (on behalf of which Keystone is the responsible entity), understood to be the sum of approximately \$174,690,540 (**Bell Potter Funds**);
- b. the "Purchase Price" of \$75 million; and
- c. all other assets of Keystone in its own right and in its capacity as responsible entity of the SMF and trustee of the ADPF, if any.

8. Operation of the DOCA and Acquisition of Receivables

The DOCA will operate by:

Sale of Keystone Loans Receivable

- a. The Proponent will cause a special purpose entity to be incorporated to which he will be the sole director (**NewCo**).
- b. NewCo will acquire all receivable loans payable to Keystone or ADPF (whether documented or undocumented) and payable by the Chiodo Corporation Borrowers or any other party listed as a debtor or receivable of Keystone or ADPF in its books and records (**Receivable Loans**).
- c. NewCo will enter into an Asset Sale Agreement (or similarly appropriate document) in which the Purchase Price for all Receivable Loans will be \$75 million payable as follows:
 - i. \$50 million payable immediately upon receipt of the Frozen Funds; and
 - ii. \$25 million within 12 months.
- d. NewCo will grant a first ranking AllPAAP security interest over all of its business and assets in favour of Keystone to secure the unpaid portion of the Purchase Price.
- e. The Receivers, Deed Administrators and relevant respondents will consent to a stay of Federal Court Proceeding No. VID978/2024 (**Proceeding**) and the release of Frozen Funds to NewCo in a staged manner as set out below:
 - i. first, \$50 million of the Purchase Price will be released from the Frozen Funds by irrevocable payment direction to the Deed Administrators;

- ii. secondly, upon the necessary financing documentation being executed, sufficient funds will be released for NewCo to discharge or acquire the debts to all non-Keystone first ranking secured creditors or financiers (registered on title to properties owned by the Chiodo Corporation Borrowers to improve the overall security position of Keystone and NewCo;
 - iii. thirdly, the balance of the Frozen Funds will be released to NewCo to be used exclusively to advance funds to each of the Chiodo Corporation Borrowers by secured loan to progress the developments through construction to completion and sale.
- f. NewCo will take a first ranking AllPAAP security interest over each of the Chiodo Corporation Borrowers and first ranking mortgages.
- g. Any unpaid balance of the Purchase Price will be protected for the benefit of Keystone by the structure above as:
- i. Keystone will be entitled to take enforcement action and appoint a Receiver and Manager over NewCo in the event it defaults on payment;
 - ii. any Receiver of NewCo would have the benefit of first ranking security over each of the Chiodo Corporation Borrowers along with the progressed developments and presumable value-enhanced Chiodo Corporation Borrowers;
 - iii. NewCo will be entitled to appoint a Receiver and Manager to the Chiodo Corporation Borrowers to recover the current Keystone loans receivable and new loans advance by NewCo to the Chiodo Corporation Borrowers; and
 - iv. NewCo will provide regular progress reports to the Deed Administrators and Receivers with updates of the progress of the developments.
- h. Upon receipt of the Purchase Price by the Deed Administrators, the Deed Administrators and Receivers will consent to the Proceedings being dismissed without orders as to costs, and relevant parties will provide mutual releases.
- i. This funding proposal enables completion of the stalled project developments through to residual real estate stock which provides the best proposal for recoverability of the Keystone and NewCo loans.

9. Powers of the Deed Administrators

The Deed Administrators will be entitled to exercise:

- a. all of the powers set out in paragraph 2 of Schedule 8A of the Regulations;
- b. all of the powers of a voluntary administrator appointed under section 436A of the Corporations Act; and
- c. such further powers as are necessary or convenient to achieve the DOCA purpose and objects, including the power to establish and administer the DOCA Fund.

10. Admitted Creditors and Admitted Claims

- a. The date on or before which any unsecured claims (being any debt, claim or liability, present or future, certain or contingent, ascertained or sounding in damages) against Keystone, must have arisen, if they are to be admissible to participate in the DOCA, is 5 September 2024 (**Appointment Date**).
- b. Any related party creditors will retain their voting rights at the second meeting of creditors of Keystone under section 439A of the Corporations Act but will not participate in any distribution paid from the DOCA Fund.

11. Claims, Pooling of Claims, Adjudication and Releases

- a. The claims of all unsecured creditors of Keystone which are to be treated as priority creditors and admitted for dividend by the Deed Administrators will receive a distribution from a single pool of funds, the DOCA Fund.
- b. The entitlements of all investors in either:
 - i. the SMF; or
 - ii. the ADPF,are to be treated as if claims of ordinary unsecured creditors for dividend purposes.

- c. The claims of all unsecured creditors of Keystone described above will be released and extinguished on the date they receive their entitlements or otherwise on the Effective Date.
- d. Claims of unsecured creditors of Keystone will be adjudicated by the Deed Administrators pursuant to Subdivision A, B, C and E of Division 6 of the Part 5.6 of the Corporations Act and regulations 5.6.39 to 5.6.57 (other than regulation 5.6.53 of the *Corporations Regulations 2001 (Cth)* (the **Corporations Regulations**)) apply, with such modification as necessary to claim as if references to the "liquidator" were references to the Deed Administrators, reference to "winding up" were references to administration under the DOCA and reference to the "relevant date" were reference to 5 September 2024.
- e. The Deed Administrators will have regard to sections 554A, 554B and 554C of the Corporations Act and to regulation 5.6.41 to 5.6.57 (other than regulation 5.6.53) of the Corporations Regulations as if references to the "liquidator" were references to the Deed Administrators.

12. Distribution

The DOCA Fund will be distributed in the following order of priority:

- a. first, to the Voluntary Administrators in respect of their remuneration as voluntary administrators of Keystone for their services at their usual hourly rates in accordance with Division 60 of Schedule 2 to the Corporations Act or otherwise as the Court determines appropriate;
- b. secondly, to the Receivers in respect of their remuneration as Receivers and Managers of Keystone for their services at their usual hourly rates in accordance with Division 60 of Schedule 2 to the Corporations Act or otherwise as the Court determines appropriate;
- c. thirdly, the Deed Administrators in respect of their remuneration as deed administrators of Keystone for their services at their usual hourly rates in accordance with Division 60 of Schedule 2 to the Corporations Act or otherwise as the Court determines appropriate;
- d. fourthly, priority creditors of Keystone (defined as creditors of Keystone); and
- e. fifthly, creditors of Keystone (defined as investors of SMF and ADPF).

13. Control

Upon execution of the DOCA instrument by the parties, the control of Keystone will remain with the Receivers and Deed Administrators and not return to the directors of Keystone.

14. Termination of the DOCA

The DOCA will be terminated:

- a. if there is a material non-compliance by the Proponent; or
- b. if the Proponent fails to facilitate the payment of the Purchase Price in accordance with section 8(c), and the Proponent rectify such matters within 21 days of being notified in writing by the Deed Administrators of such failure. In such circumstances, the Deed Administrators will be entitled to enforce against NewCo and realise its security.

The DOCA will be fully effectuated after the DOCA Fund has been fully applied in accordance with section 12 and the Deed Administrators have issued a Notice of Termination of the DOCA in accordance with section 445FA of the Corporations Act.

15. Closure of Keystone

After distributing the DOCA Fund in accordance with section 12, the Deed Administrators may at a time convenient to them and the Receivers, permanently close and deregister Keystone, SMF and ADPF.

16. Conditions

There are no additional conditions to this DOCA.

To whom it may concern

Robert Filippini - Letter of recommendation

I have known Robert Filippini for 10 years and worked closely with him during my tenure as CEO and later Executive Chairman of Grocon. During that time, I engaged Mr Filippini as a general contractor across at least 9 property developments in Victoria which had capital costs collectively in the hundreds of millions, including:

Media House	655 Collins Street, Docklands VIC 3008
Melbourne Emporium	287 Lonsdale Street, Melbourne VIC 3000
One Fifty Collins	150 Collins Street, Melbourne VIC 3000
Victorian Comprehensive Cancer Centre	Level 10, 305 Grattan Street, Melbourne VIC 3000
Box Hill ATO building	913 Whitehorse Road, Box Hill VIC 3128
Defence Force School of Signals, Watsonia	Building 40, 128 Greensborough Road, Simpson Barracks 3085
Puckapunyal Army Base	Puckapunyal Military Area, Puckapunyal VIC 3662
AAMI Park	60 Olympic Boulevard, Melbourne VIC 3004

Mr Filippini was always professional and delivered work on the above developments to a high standard. Mr Filippini has been providing security services for me personally starting in 2020, and continues to provide these services for me on an ongoing basis. In my view, Mr Filippini is a competent contractor and I would have no trouble recommending to undertake substantial developments across multiple sectors including residential and commercial.

Kind regards



Daniel Grollo



22 November
2024

To whom it may concern,

I have known Roberto Filippini for approximately 20 years, in this time I have gained a very strong business and personal respect for Roberto.

He has always shown commitment, loyalty, and devotion to his business and business relationships, as well as being extremely organised and punctual.

Since 2017 Roberto (Force 1) has monitored several of my offices, factory, personal residence and I have referred him to other business owners for monitoring (Tattsлото St Albans etc) all of whom are very satisfied.

Roberto also demonstrated high quality construction work when I was building my home.

I would have no hesitation in recommending Roberto Filippini to any prospective client.

Yours faithfully,

A handwritten signature in black ink, appearing to read "John Aaron Nakic", with a long horizontal flourish extending to the right.

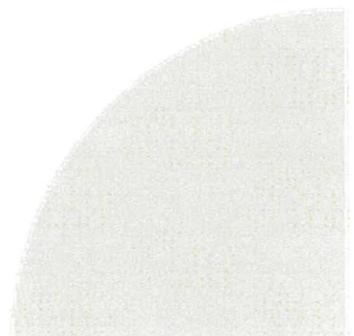
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Roberto Filippini

1 Construction industry experience

Roberto Filippini has more than 30 years of experience in the construction industry. He has worked in several capacities in both on-site and management roles, across multiple asset classes.

Mr Filippini holds individual building licences in Queensland and Victoria:

	Licence type	Licence no.	Eligibility requirements
QLD	Builder - Open	15198685	Mr Filippini is required to demonstrate: <ul style="list-style-type: none">• technical qualifications;• managerial qualifications;• relevant experience;• minimum financial requirements; and• that he is a 'fit and proper' person.
VIC	Commercial Builder – Unlimited	CB-U 100081	Mr Filippini is required to demonstrate: <ul style="list-style-type: none">• technical qualifications;• relevant experience; and• that he is a 'fit and proper' person.

The above licences permit Mr Filippini to operate as a registered builder for all classes of buildings, from single-story residential developments to large-scale commercial projects, and to undertake all components of commercial building work on those projects.

Mr Filippini is a director of the following construction businesses / companies in Australia:

- City Built Pty Ltd;
- Force 1 Construction Pty Ltd; and
- Force 1 Construction Queensland Pty Ltd, which was recently acquired, and operates primarily in Queensland under the following building licence:

	Licence type	Licence no.	Nominee
QLD	Builder - Open	15145244	David Sagor (licence no. 1268226)

Mr Filippini commenced his career in the 1990s working for his family's plastering business. While working for his family's construction business, Mr Filippini carried out plastering and rendering services on a variety of residential and commercial projects.

After starting out working on small plastering and rendering jobs, Mr Filippini progressed to working on numerous high profile developments across Victoria for reputable developers and builders including Grocon and Hickory.

Mr Filippini assisted with the delivery of projects including Melbourne Emporium, Media House on Collins Street, 150 Collins Street, and AAMI Park. Further details of Mr Filippini's past projects and his roles on those projects are set out in section 4.

2 Security Industry experience

Mr Filippini has extensive security experience and credentials and is a director of Force 1 Security Pty Ltd (**Force 1 Security**).

Force 1 Security is a leading private security business that provides the full suite of armed and unarmed security services to construction sites, individuals and businesses. Force 1 Security has a number of high end clients, including members of the judiciary, celebrities and high net-worth individuals.

Force 1 Security was established to complement the businesses referred to in section 1. The combination of security and construction capabilities provides significant benefit to property developers, particularly in respect of sites in busy areas or that are otherwise at high risk of theft or vandalism.

Force 1 Security and its personnel (including Mr Filippini) are required to comply with the strict licensing and regulatory schemes in both Victoria and Queensland. The table below highlights the extensive requirements that Mr Filippini and Force 1 Security must satisfy to acquire and maintain applicable licences:

Victoria

Victorian licensing requirements include:

- undertaking a national police check (including fingerprinting);
- being a fit and proper person without any convictions of disqualifying offences;
- providing written references outlining suitability;
- completing Certificate II and III in security operations, requiring well in excess of 100 hours of training;
- undertaking regular and necessary firearm training;
- having acceptable operating procedures, including special requirements in relation to the use of guard dogs; and
- undertaking ongoing professional development.

Queensland

Queensland licensing requirements include:

- completing a national police check (including fingerprinting);
- not being convicted of a disqualifying offence;
- not posing a risk to public safety;
- completing a Certificate II and Certificate III in Security Operations and a Certificate III in Close Protection Operations;
- undertaking regular necessary firearm training;
- being a fit and proper person with specific reference to mental state, misuse of drugs and/or firearms and offences involving violence;
- having an acceptable business plan;
- having acceptable operating procedures for employees; and
- being subjected to compliance audits at least every three years.

3 Letters of recommendation

Letters of recommendation from former CEO and Executive Chairman of Grocon, Daniel Grollo, and Director of Barry Plant, John Aaron Nakic, attesting to Mr Filippini's construction and security expertise are provided.

4 Past projects

Development	Client	Role	
Media House 655 Collins Street, Docklands VIC 3008	Grocon	General contracting	
One Fifty Collins 150 Collins Street, Melbourne VIC 3000	Grocon	General contracting	
Melbourne Emporium 287 Lonsdale Street, Melbourne VIC 3000	Grocon	General contracting and security	
Victorian Comprehensive Cancer Centre Level 10/305 Grattan St, Melbourne VIC 3000	Grocon	General contracting	

Development	Client	Role
-------------	--------	------

Box Hill ATO
 913 Whitehorse
 Road, Boxhill VIC

Grocon
 General
 contracting



**Defence Force
 School of Signals –
 Watsonia**
 Building 40, 128
 Greensborough
 Road, Simpson
 Barracks 3085

Grocon
 General
 contracting



**Puckapunyal Army
 Base**
 Puckapunyal Military
 Area, Puckapunyal
 VIC 3662

Grocon
 General
 contracting



AAMI Park
 60 Olympic
 Boulevard,
 Melbourne VIC 3004

Grocon
 General
 contracting



**Carsales.com
 building**
 449 Punt Rd,
 Richmond VIC 3121

Hickory
 General
 contracting



Development	Client	Role
Grocon Office Fitout Cnr Lonsdale Street and Swanston Street, Melbourne VIC 3000	Grocon	General contracting
Personal residence	John Aaron Nakic	General contracting



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