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HALIFAX INVESTMENT SERVICES PTY LTD (IN LIQUIDATION) (Halifax AU)

HALIFAX NEW ZEALAND LIMITED (IN LIQUIDATION) (HALIFAX NZ)

Investor FAQ – 2 June 2021

1. What is the current status of the Court proceedings?

Their Honours Justice Markovic and Justice Venning of the Federal Court of Australia and the High Court of New Zealand respectively handed down their judgments and made consequential orders in the client money proceedings on 19 May 2021.

The judgments and orders are available at the following links:

<https://assets.kpmg/content/dam/kpmg/au/pdf/creditors/halifax-investment-services/halifax-judgment-justice-markovic-19-may-2021.pdf>

<https://assets.kpmg/content/dam/kpmg/au/pdf/creditors/halifax-nz-limited/halifax-nz-judgment-justice-venning-19-may-2021.pdf>

2. When will I receive a distribution?

We are aiming to be in a position to transfer the Category 3 and Category 5 shares to the relevant Investors by mid-September 2021. Please refer to the Investor Update dated 2 June 2021 for an explanation of the Category 3 and Category 5 Shares.

We anticipate that a cash distribution will be paid to Investors by the end of 2021. We have previously advised Investors that it will take at least 6 months to make a distribution following receipt of Court directions. The above timeline is consistent with this estimate.

However, this timeline is an estimate only and is subject to change. Please note that there is likely to be an interim distribution of funds to investors, with a final distribution to follow once various matters are finalised. Events which may delay the payment of the distribution include:

- the lodgement of an appeal by one or more parties to the judgments in the client money proceedings (the deadline for which is 16 June 2021 in Australia and 17 June 2021 in New Zealand);
- a large number of Investors disputing their account balance as at 27 November 2018;
- the possibility of Investors making an application to the Court in relation to their account balance which would have the effect of delaying payment to all Investors; and
- issues which may arise with the operation of the Investor Portal including difficulties with verifying the identities of Investors.



3. How much will I receive in the distribution?

At this stage, we estimate that Investors will receive approximately 100 cents in the dollar based on their account balance as at 27 November 2018. In relation to this estimate, please be advised of the following:

- This is a high level estimate only and is subject to change;
- This estimate does not account for any movement in the market value of assets after 30 April 2021. As various Investor positions are still open, market movements may materially impact the estimated return to Investors;
- This estimate does not take into account the likely reduction in the pool of assets available to Investors who are eligible to have their shares transferred pursuant to the Category 3 and Category 5 Orders. However, at this stage we do not anticipate that this will have a material impact on the assets available for distribution;
- For the purposes of calculating the estimated return to Investors, we have assumed that minimal funds will be recovered from overseas merchant facilities and antecedent transactions. Our investigations in relation to the conduct of the Director, Former Director and various third party advisors are ongoing but confidential and we are not in a position to quantify the potential recoveries at this stage. This estimate does not take into account any costs incurred in pursuing these potential recoveries; and
- All costs estimates including legal fees and Liquidators' remuneration are calculated based on high-level estimates only and are subject to significant variances. The quantum of costs to be incurred by the Liquidators in undertaking the distribution is difficult to accurately predict at this stage.

4. As of what date will my proportionate entitlement be calculated?

The Courts have made Orders that the Liquidators are justified in adopting 27 November 2018, being the date of the appointment of the Voluntary Administrators to Halifax NZ as the date at which the proportionate entitlements of Investors are to be calculated. This means that your account balance as at 27 November 2018, will be used to calculate your entitlement to the assets available for distribution.

5. What do I need to do now?

There is nothing that Investors need to do at the moment. Please await further correspondence from the Liquidators.

6. What do I do if I think I might be a Category 3 or Category 5 Investor?

All Investors with open positions on the IB AU, IB NZ and MT5 platforms will receive correspondence requesting that they advise Liquidators whether they consider that they are in Category 3 or 5. There is nothing required from you until you receive this letter.

7. My account balance is made up purely of cash and my balance is easily ascertainable from my account statement. Why can't you just pay me straight away?

The Liquidators are not able to make payments to Investors until the Category 3 and Category 5 shares have been transferred, and the remaining assets closed out. This is because it will not be possible to determine the value of the assets available to pay Investors until these shares have been transferred and the remaining assets converted to cash.



8. Will the distribution be in cash or shares?

With the exception of the Category 3 and Category 5 shares, the distribution will be paid in cash in accordance with the Orders made by the Courts. The Liquidators are only able to deal with the assets of the Halifax Group in accordance with the Orders that have been handed down and on this basis, we will not consider requests from Investors to have their shares transferred *in specie*.

9. When will I receive instructions to access the Investor Portal?

We anticipate Investors will receive correspondence providing log in details to the Investor Portal in July 2021.

10. I have already provided a proof of debt early on in the Administration or Liquidation. Do I need to provide my details again via the Investor Portal when it becomes available?

Yes. The initial proofs of debt submitted by Investors were informal only. All Investors who wish to receive a distribution will need to log onto the Investor Portal (once it is available) and provide their details even if the information has been sent previously to Link Market Services or to KPMG.

11. Why will it take until the end of the year to receive a distribution? Why can't the Liquidators pay me straight away?

The process of calculating Investor claims and attending to the payment of Investor entitlements for the Halifax Group which has an Investor base of 12,000 is a time consuming and complex task.

A high level summary of next steps to be taken by the Liquidators in the distribution process is as follows:

- Attend to the return of the pre-and post-appointment deposits (orders 12 and 13 in the above table). These amounts will be paid out following the expiration of the appeal period and total approximately \$150,000.
- Issue correspondence to Investors with open positions on the MT5, IB AU and IB NZ platform to request that Investors advise the Liquidators as to whether they believe they have an entitlement to the Category 3 and / or Category 5 shares. Investors will have 35 days to respond to this correspondence. The Liquidators anticipate that it will then take approximately 8 weeks to review these claims, undertake the verification work and attend to the transfer of the relevant shares. The Liquidators will aim to issue the correspondence in early June 2021, following which we will commence the verification work with a view to having the Category 3 and Category 5 shares transferred to the relevant Investors by mid-September 2021.
- The Liquidators will issue correspondence to all Investors which will provide details and instructions for the Investor Portal which will allow Investors to log on and submit their claims, verify their identity and provide bank details. We expect that this correspondence will be sent out to Investors in July 2021.

We then anticipate that it will take a number of months to attend to the tracing and transfer of the Category 3 and Category 5 shares, deal with Investor disputes in relation to account balances, close out open



positions and pay the distribution to Investors. On this basis, we anticipate being in a position to pay a distribution to Investors by the end of 2021.

We have previously advised Investors that it will take at least 6 months to pay the distribution following receipt of the judgment and Orders following the main proceedings. The above timeline is consistent with this estimate.

12. What should I do if I have further questions?

Please direct any queries to KPMG via email at au-fmhalifax@kpmg.com.au.