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INVESTOR UPDATE – 29 October 2021

Halifax Investment Services Pty Limited (In Liquidation) (Halifax AU)

Halifax New Zealand Limited (In Liquidation) (Halifax NZ) (together the Halifax Group)

Court process

As outlined in our previous update, the Appeal was heard on 23 September 2021 by way of a concurrent hearing of the Federal Court of Australia and the Court of Appeal of New Zealand via videoconference.

On 26 October 2021, both Courts delivered their judgments in respect of the Appeal. Both Courts ordered that the Appeal should be dismissed. As a result, the date on which the proportionate entitlements of Investors to the assets of Halifax AU and Halifax NZ is to be calculated, remains 27 November 2018.

Copies of the orders made by the Courts and the reasons are available at the following link:

Federal Court of Australia Full Court:

<https://assets.kpmg/content/dam/kpmg/au/pdf/creditors/halifax-investment-services/halifax-orders-middleton-beach-moshinsky-26-october-2021.pdf>

Court of Appeal of New Zealand:

<https://assets.kpmg/content/dam/kpmg/au/pdf/creditors/halifax-nz-limited/halifax-nz-judgment-26-october-2021.pdf>

Liquidation of the portfolio

The Liquidators will proceed with closing out the portfolio pursuant to the judicial advice / directions made on 19 May 2021 by their Honours Markovic J and Venning J and to distributing the funds in accordance with that judicial advice / those directions. All remaining open positions in client accounts on the IB AU, IB NZ, MT4 and MT5 platforms will be closed out / sold. Please note that any shares which are subject to Investor claims in respect of Category 3 and 5 will not be sold until such time as those claims have been resolved.

At this stage we anticipate the close out process will commence in late November 2021.

The liquidation of the portfolio will convert the remaining open positions to cash which will then be distributed by the Liquidators to the Investors.



Timing of distribution to Investors

We anticipate that it will take at least 4 months to make a distribution, given the adjudication and claim assessment process that will now be undertaken. That being the case, it is likely that Investors will receive the first distribution in the first quarter of 2022. It is likely that Investors will receive more than one distribution (ie an interim distribution followed by a second and possibly third distribution). The reasons for this are as follows:

- It may take some time to realise all assets held by Halifax AU and Halifax NZ, particularly the illiquid shares. It is not necessary to delay the distribution as a result of waiting for the realisation of these assets.
- It will be necessary for the Liquidators to withhold funds to meet the future expenses of the liquidation (including operational costs, platform costs, staff wages, professional fees and legal fees). To the extent that the amounts withheld are surplus to requirements, these funds will be distributed to Investors prior to the completion of the liquidation.
- It is possible that additional funds will be realised by the Liquidators as a result of various actions against third parties including the director, former director and the former accountants and auditors. However, it is likely to take some time to resolve these claims.

This timeline is an estimate only and is subject to change. Further events which may delay the payment of the distribution include:

- a number of Investors disputing their account balance as at the date at which the proportionate entitlements of Investors are calculated;
- the possibility of Investors making an application to the Court in relation to their account balance which may have the effect of delaying payment to all Investors; and
- issues which may arise with verification and adjudication requirements on the Investor Portal.

Please visit the links to the following websites for a copy of the correspondence issued to investors:

- **Halifax Australia:** <https://home.kpmg/au/en/home/creditors/halifax-investment-services.html>
- **Halifax New Zealand:** <https://home.kpmg/au/en/home/creditors/halifax-nz-limited.html>

Please submit all queries in writing to the Liquidators via email to au-fmhalifax@kpmg.com.au.