



Grant Thornton

An instinct for growth™

To the purchaser/creditor

31 July 2019

Dear Sir/Madam

Grant Thornton Australia Limited

Level 17
383 Kent Street
Sydney NSW 2000

T +61 2 8297 2400

The Ralan Group Pty. Ltd. & Associated Entities (Administrators Appointed)
(Collectively “the Group” refer to Schedule 1)

Your Purchase off the plan in Ruby, Sapphire or Orchid

Philip Campbell-Wilson, Graham Killer and I were appointed Joint and Several Administrators of the Group on 30 July 2019. I refer to our correspondence of today's date notifying creditors of our appointment.

We have been made aware that the majority of purchasers have entered into a side agreement with Ralan Capital Investments Pty Ltd (Administrators Appointed) (“RCI”) or Ralan Arncliffe Pty Limited (“RA”) in which the deposit you paid for an apartment at either of the Group's Orchid, Ruby and/or Sapphire developments was released either in full or mostly in full to RCI or RA as an unsecured loan.

This letter seeks to clarify some questions purchasers may have regarding their deposit paid for a future apartment and the unsecured loan they have provided to RCI / RA. We also discuss what happens if the Group is currently managing your investment property on your behalf.

Question: What is the financial position of the Group?

Answer: At this early stage in the Administration, it is our initial estimate is that there is a significant deficiency owing to unsecured creditors and purchasers (who elected to release their deposit to the Group). Accordingly, it is uncertain how much, if any, of your deposit you may receive back if you had agreed to release it to RCI/ RA as an unsecured loan.

Question: What has happened to my deposit paid to the Group for a future build (Ruby Tower 2, 3, 4, Sapphire and/or Orchid)?

Answer: At this initial stage, we believe that the majority, if not all, of the deposits released to RCI have been used to fund the expenses of the Group including payment of interest on unsecured loans. The Administrators will be undertaking an investigation into the Group's financial position to establish how these funds have been used and whether any recoveries can be made in the future that will be available to pay you back.

ABN-41 127 556 389 ACN-127 556 389

Grant Thornton Australia Ltd ABN 41 127 556 389 ACN 127 556 389 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

www.grantthornton.com.au

If a purchaser did not elect to release their deposit, it is our understanding these funds are being held in the Group's trust account. We will confirm this with each individual purchaser who did not elect to release their deposit in due course. Any trust funds held by the Administrators will be held on trust and dealt with appropriately.

Question: **Will the deposit I paid to the Group (and then subsequently released to the Group) be taken off any settlement price when my apartment is finished and ready to be settled?**

Answer: At this early stage in the Administrations, the Administrators are not in a position to provide purchasers with an answer as this will be subject to a potential sale of the developments and/or legal advice. We will update purchasers on this issue in due course.

Question: **Will the Administrators continue with the build at Arncliffe, The Orchid?**

Answer: The Administrators are undertaking an urgent review as to the feasibility of continuing the Arncliffe build and are in discussion with key lenders to the project. Any strategic decisions will be announced in due course including the impact for any purchasers in this project.

Question: **Is it the Administrators' intention to build Towers 2, 3 and 4 at the Ruby and the Sapphire?**

Answer: At this early stage in the Administration, it is too early for the Administrators to make a strategic decision regarding undertaking and completing these projects. In all likelihood, the Administrators will be looking at potentially selling the land at Paradise Island Resort to developers / investors who may build Towers 2-4 in the future.

Question: **If you sell the development to another company what will happen to my contract for Ruby 2-4 or the Sapphire?**

Answer: At this stage we cannot provide a definitive answer. It will be dependent upon any sale to a developer. The Administrators will explore with any future buyer/developer their willingness to honor the purchaser's sale contracts but this remains uncertain.

Question: **If the Administrators do not complete the build the Ruby Towers 2, 3 and 4 or Sapphire, will I receive my deposit back?**

Answer: Purchasers may receive their deposit back if their funds are still held in a separate trust account. However, if you agreed to release your deposit to the Group, then at this stage it is too early to determine what, if any, return you will receive as these funds were an unsecured loan to the RCI.

Question: **What if Ralan is currently managing one of my investment properties in NSW. What happens to this?**

Answer: This continues as normal. Your rental money from your tenant is in the trust accounts and this has not been released to the Group other than for normal management fees as agreed in your agency agreement. The net rent will be remitted to you as normal.

Question: **What if Ralan is currently managing my investment property in Ruby 1 in Surfers Paradise. What happens to this?**

Answer: This continues as normal with one exception. If you entered into a rental guarantee with the Group and there is not enough rent generated from occupancy during the month to meet the guarantee amount, you will only receive the net rental received after costs have been deducted in accordance with your letting agreement.

Question: **What should I do right now?**

Answer: We ask for your patience, whilst we undertake our investigations and efforts to look at all options for the benefit of creditors.

Should you have any queries in relation to the above please email: ralan@au.gt.com

Yours faithfully

A handwritten signature in black ink, appearing to read 'Said Jahani', written over a horizontal line.

Said Jahani
Joint and Several Administrator

Schedule 1 - The Ralan Group Pty Ltd Associated Entities

Name	ACN
Garryspillane Pty Ltd	617 899 671
Menufeast Pty Limited	120 005 996
Ralan (Culworth) Pty Ltd	132 108 322
Ralan 888 Pty Ltd	151 868 432
Ralan Arncliffe Pty Ltd	159 766 757
Ralan Beaconsfield Pty Ltd	162 589 620
Ralan Boundary Street Pty Ltd	165 480 240
Ralan Budds Beach Holdings Pty Ltd	604 082 297
Ralan Budds Beach No.1 Pty Ltd	604 085 663
Ralan Budds Beach No.2 Pty Ltd	604 083 374
Ralan Budds Beach No.3 Pty Ltd	604 083 570
Ralan Burwood Pty Limited	133 423 515
Ralan Capital Investment Pty Ltd	603 501 444
Ralan Cecil Street Pty Ltd	165 117 251
Ralan Cherry Street Pty Ltd	139 868 107
Ralan Constructions Pty Ltd	168 014 042
Ralan Corona Pty Ltd	142 364 618
Ralan Culworth No.2 Pty. Limited	145 045 772
Ralan Developments No.2 Pty Ltd	160 017 998
Ralan Developments Pty. Limited	100 473 818
Ralan Duff Street Pty Ltd	142 777 839
Ralan Dumaresq No.2 Pty Ltd	156 522 628
Ralan Dumaresq Pty Ltd	139 594 095
Ralan Eulbertie Pty Ltd	137 137 190
Ralan Gordon Pty Ltd	146 125 322
Ralan Holdings Pty Limited	145 689 809
Ralan Killara Pty Ltd	147 567 931
Ralan Lamond Pty Ltd	166 904 589
Ralan Marian Pty Ltd	138 455 357
Ralan Mascot Pty. Limited	150 148 842
Ralan McIntyre Pty Ltd	138 228 761
Ralan Merriwa Pty Ltd	138 241 531
Ralan Mortgage Corporation Pty. Limited	092 259 713
Ralan Nominees Pty Limited	100 486 191
Ralan Ocean Avenue Holdings Pty Ltd	607 291 896
Ralan Ocean Avenue No.1 Pty Ltd	607 292 535
Ralan Ocean Avenue No.2 Pty Ltd	607 292 759
Ralan Ocean Avenue No.3 Pty Ltd	607 292 928
Ralan Paradise No.1 Pty Ltd	602 658 211
Ralan Paradise Holdings Pty Ltd	602 655 649
Ralan Paradise No.2 Pty Ltd	602 658 793
Ralan Paradise No.3 Pty Ltd	602 659 138
Ralan Paradise No.4 Pty Ltd	602 659 441
Ralan Paradise Resort Pty Ltd	602 658 346
Ralan Property Care Pty Ltd	135 835 595
Ralan Property Services Pty. Limited	087 265 834
Ralan Property Services QLD Pty Ltd	603 015 096
Ralan Pymble Pty Ltd	140 987 382
Ralan Rhodes Pty Ltd	152 092 361
Ralan Rosebery Pty Ltd	164 210 100
Ralan Ruby No.2 Pty Ltd	161 317 460
Ralan Ruby Pty Limited	145 768 912
Ralan St Leonards Pty Ltd	147 661 345
Ralan Warrangi Pty Ltd	146 605 503
Ruby Apartments Pty Ltd	624 312 812
Ruby Collection Management Pty Ltd	624 312 947
Ruby GC Holdings Pty Ltd	624 311 520
The Ralan Group Pty. Ltd.	083 193 226