

31 July 2015
Nick Tregenza / 2.9

insolvency
turnaround
forensics
advisory

**ANNOUNCEMENT TO SHAREHOLDERS OF
INDIGO PROPERTIES AUSTRALIA LIMITED
(IN LIQUIDATION)(SUBJECT TO DEED OF COMPANY ARRANGMENT)
A.C.N. 108 019 263**

We refer to our appointment as Joint & Several Liquidators of the company on 4 June 2015 and our subsequent appointment as Joint & Several Administrators of the company on the same date.

We advise that on 31 July 2015, the Administrators Terrence John Rose and Terry Grant van der Velde and Arowana & Co executed a Deed of Company Arrangement ('DOCA') pursuant to a resolution passed by creditors on 10 July 2015. Accordingly, the Liquidators intend to apply to Court to seek a stay on the Liquidation.

A DOCA is a formal agreement between the company and its creditors to satisfy company debts.

The essential terms of the DOCA are as follows:

- A Creditors' Trust ('CT') will be created and all creditors of the company will become beneficiaries of the CT;
- Terrence John Rose and Terry Grant van der Velde will be appointed as Deed Administrators and Trustees of the CT;
- Arowana & Co will attend to the reinstatement of the company to the ASX;
- Arowana & Co will attend to a capital raising following approval of shareholders;
- Arowana & Co will make available \$400,000 in cash and provide 20,000,000 shares to a CT. The share consideration to creditors would only be available to those creditors who have debts exceeding \$50,000. Arowana have valued the new shares at \$255,948.09;
- Upon approval from shareholders, the current directors will resign as directors and Arowana & Co will appoint directors of their choice.

For further information, please refer to the attached DOCA proposal by Arowana & Co.

Shareholders should note that the Deed Administrators and Arowana & Co are still negotiating with the ASX in relation to the re-listing of the company. Should these negotiations prove successful, we will send a notice to all shareholders to convene a general meeting to pass various resolutions including approving consolidation of existing shares, capital raising by issue of new shares and replacement of directors. A further announcement will be posted in relation to this in due course.

If you require further information, please contact Mel Walker of this office on (07) 3310 2033 or mel.walker@svp.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'T. Walker', with a stylized flourish at the end.

TERRENCE JOHN ROSE
TERRY GRANT VAN DER VELDE
JOINT & SEVERAL DEED LIQUIDATORS
JOINT & SEVERAL DEED ADMINISTRATORS

30 June 2015

Terry John Rose and Terry Grant van der Velde
Joint and Several Administrators
Joint and Several Liquidators
SV Partners
138 Mary Street
Brisbane QLD 4000

Dear Messrs Rose and van der Velde

Arowana Partners Group Pty Limited (**Arowana** or the **Proponent**) is pleased to submit this offer (**Offer**) to acquire and recapitalise the ASX listed shell of Indigo Properties Australia Ltd (In Liquidation)(In Administration) (**IPA** or the **Company**) using the structure of a Deed of Company Arrangement (**DOCA**) and Creditors Trust Deed (**Creditors Trust**).

The terms of the Offer are set out in detail at Part 2 below, but are summarised at Part 1.

1. SUMMARY OF OFFER

As requested in the Information Memorandum, we hereby provide the following information:

1.1 Corporate Status

In circumstances where the Company is in liquidation as well as being in Administration, the Offer is made on the basis that the Administrators/Liquidators will, upon the DOCA being approved and executed apply to the Court a permanent stay of the liquidation .

1.2 Estimated Benefit Available to Creditors

Arowana's offer makes available a sum of \$655,948.09 to creditors (in the manner contemplated at 2.4 below), of which:

- (a) \$400,000.00 is cash; and
- (b) \$255,948.09 is the estimated value of the 20 million shares in the recapitalised IPA which are to be made available to the creditors via the Creditors Trust.

The estimated value of the shares assumes a hypothetical market capitalisation of IPA of \$5 million (post recapitalisation) in which case the creditors' shares would represent 5.12% of all of the shares of RMA (see 1.2 below).

AROWANA & CO.

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1.3 Estimated Benefit Available to IPA Shareholders

The table below outlines the key parameters of the recapitalisation proposal:

Recapitalisation Parameters	
Current shares on issue	20,704,225
New shares to be issued	300,000,000
New shares to be issued to Creditors Trust	20,000,000
New options to be issued	50,000,000
Fully diluted shares on issue post recapitalisation	390,704,225

Based on the above, the existing IPA shareholders will have a 5.30% shareholding in the post recapitalised entity.

The new share and option issuance referred to in the table above will raise a total of \$2.0 million as follows:

- (a) 300 million shares to be issued to the Proponent and nominees of the Proponent as follows:
 - (i) 100 million shares at \$0.001 cents per share;
 - (ii) 100 million shares at \$0.005 cents per share;
 - (iii) 50 million shares at \$0.008 cents per share; and
 - (iv) 50 million shares at \$0.010 cents per share.
- (b) 50 million options to be issued to the Proponent and nominees of the Proponent at \$0.010 cents per option.

In total, this recapitalisation will raise \$2.0 million, which sum, after repayment of amounts advanced by the Proponent for the purposes of paying cash to the creditors (\$400,000 as per above) and promotor and capital raising costs (\$100,000 maximum), leaves \$1.5 million in cash available to the recapitalised IPA.

1.4 Proposed Key Conditions of Our Offer

The key conditions of the Proposal are set out below (but regard must be had to the detailed conditions contained in Part 2 below for the full terms and conditions):

Conditions	Comments
DOCA implementation	Total Offer Value of \$655,948.09
Stay of Liquidation	Court grants a permanent stay of the liquidation of IPA
Approvals	Creditor and shareholder approvals
ASX waivers	Chapter 1 and Chapter 2 rules
IPA assets	Business assets remain

1.5 Identity of Party making the Offer

The party making the Offer is Arowana Partners Group Pty Limited.

1.6 Summary of Corporate Background

Arowana Partners Group Pty Limited is part of Arowana & Co., a diversified investment group with operating subsidiaries and investments across Australia, New Zealand and Asia. We are differentiated in that we know not just how to buy and sell businesses, but we also know how to run, fix and grow them. Our team is a unique combination of highly experienced entrepreneurs as well as investment and operational professionals with strong track records and a “hands on” orientation.

Arowana & Co. has experience in the recapitalisation of ASX-listed shells under administration. Most recently, in the period from January to June 2012, Arowana undertook the acquisition and recapitalisation of the ASX-listed and then-named Intelligent Solar Limited. The shell was renamed Arowana International Limited (AWN.AX) and was re-listed on the ASX in April 2013 following a public capital raising process that raised approximately \$40 million with an issue price of \$0.35 per share. As at today’s date, Arowana International trades at \$0.73 having traded as high as \$1.05 in the past year.

Arowana & Co. currently has 4 listed vehicles under its umbrella:

- (a) Arowana International Limited (ASX:AWN) - A\$115m market capitalisation;
- (b) Arowana Australasian Value Opportunities Fund Limited (ASX:AWQ) - A\$47m market capitalisation;
- (c) Intueri Education Group Limited (ASX:IQE and NZE:IQE) - A\$170m market capitalisation; and
- (d) Arowana, Inc. (NASDAQ:ARWAU) - US\$95m market capitalisation.

With a strong track record for managing listed vehicles, Arowana & Co. has a good relationship with regulators and markets, and is well placed to undertake the recapitalisation of IPA on an urgent basis.

The contact person for the Proponent is Michael Hui, Investment Director.

The contact details for the Proponent are:

Michael Hui
Arowana & Co.
Level 11, 110 Mary Street
Brisbane QLD 4000
Tel: 07 3182 3200
Email: michaelh@arowanaco.com

1.7 Proposed Source of Finance

The Proponent has available as cash reserves the funds required for recapitalisation pursuant to this Offer, in the event that the conditions precedent are satisfied.

1.8 Deposit

The Proponent offers a deposit of \$50,000, payable upon execution of the DOCA, and which is only refundable if the administrators are not able to obtain an order for the permanent stay of the liquidation of the Company.

1.9 Timetable

It is anticipated that the timetable for the progress of Offer will be as follows:

Details	Date	DOCA Contribution Amount (\$)
Administrators/Liquidators issue Report to Creditors	2 July 2015	N/A
Creditors Meeting	est 17 July 2015	N/A
Last date for a DOCA & Creditors Trust to be executed (15 business days)	31 July 2015	\$50,000
Apply for Order for permanent stay of liquidation	3 August 2015	
Issuing of a notice of meeting	25 September 2015	N/A
Shareholders meeting for recapitalisation held	30 October 2015	N/A
Creation of Creditors Trust and Conditional Completion	2 November 2015	\$350,000 plus issue of shares
Order obtained for Permanent Stay and Completion becomes unconditional	3 November 2015	N/A

2. GENERAL TERMS OF RECAPITALISATION

Under the proposal, the DOCA (and Creditor's Trust) for IPA must provide for or contemplate or facilitate the following:

2.1 The following unencumbered assets of IPA must be retained or transferred to IPA:

- (a) the books and records of IPA as may be specified by the Proponent;
- (b) 50% of the issued shares in Elevation Developer Pty Ltd; and
- (c) the benefit of:
 - (i) the Deed of Cross Guarantee, Variation and Cross Collateralisation dated 14 February 2008;
 - (ii) the Deed of Co-Operation dated 30 October 2009; and
 - (iii) the Deed of Restructure and Release dated 24 May 2013,

to enable the Company to be reinstated to trading on the ASX.

2.2 As noted above, the consideration to be provided by the Proponent for control of IPA is the aggregate of:

- (a) \$400,000 in cash (**Cash Consideration**) to be paid to the Deed Administrator for the benefit of the Creditors Trust upon shareholder approval; and
- (b) procure the Company to issue 20 million free ordinary shares also for the benefit of the Creditors Trust (**Share Consideration**).

2.3 Upon the satisfaction of the Conditions Precedent specified in clause 2.15 below, the DOCA shall terminate by performance, all claims against IPA shall be released and control of IPA will return to its directors who, in accordance with clause 2.7 below, will be nominees of the Proponent. At that time, those assets of IPA which are not specified in clause 2.1 above shall be dealt with in accordance with the DOCA.

2.4 The Cash Consideration (and any other assets in the Creditors Trust) will be distributed by the Creditors Trustee as follows:

- (a) first to cover the costs of the Administrator and Creditors Trustees and their disbursements;
- (b) as to the balance, to meet the claims of creditors of IPA [in proportion to their debts].

This Offer is made on the assumption there are no secured creditors of IPA. In the event that there are secured creditors, this Offer may be revised to ensure its acceptance by creditors.

The Share Consideration shall issue to creditors whose debts exceed \$50,000 (**Large Creditors**), in proportion to their debts. If any of the Large Creditors are unwilling or unable to accept the issue of shares, the Creditors Trust Deed will authorise the Creditors Trustees to sell those Large Creditors' shares on market and pay the proceeds to the relevant Large Creditor (less transaction and Creditors Trustees' costs).

2.5 Any assets of IPA retained by IPA must be unencumbered and all other liabilities and obligations of IPA be released pursuant to the terms of the DOCA.

2.6 The sum of \$50,000 paid to the Administrator by the Proponent as a non-refundable deposit (ie subject to a Permanent Stay being obtained) will be deducted from the amount of \$400,000 cash payable to the Administrator by the Proponent.

2.7 Subject to creditors approving this Proposal, if requested by the Proponent, the Administrator shall request the existing directors and officers of IPA to resign and if this does not occur then remove all existing directors and officers and appoint the Proponent's nominees and the DOCA shall give express powers to the Administrator to do this. It is acknowledged that the Deed Administrator shall be able to limit the powers of any Proponent nominated director whilst the DOCA operates.

- 2.8** The proposal for the Business of IPA is for the Company to retain and exploit its interest in the assets retained by the Company, as referred to at 2.1 above, in the ordinary course and to exploit complementary and any other business opportunities.
- 2.9** In addition to the Cash Consideration referred to above, under the DOCA, the Company shall transfer to the Creditors Trust for the benefit of the IPA creditors any cash at bank, its rights in its sundry debtors and any other assets not retained by the Company, as set out at 2.1 above.
- 2.10** Immediately following the satisfaction or waiver of the last of the Conditions Precedent specified in clause 2.15, being, most likely, shareholder approval of the Proponent's proposal at the shareholders' meeting, the Deed Administrator will facilitate all necessary transfers and assignments to the Creditors Trust and the DOCA will then terminate by performance.
- 2.11** If shareholders approve the Proponent's proposal at the shareholders' meeting to be held within 3 months from the execution of the DOCA, and the other Conditions Precedent are satisfied, the:
- (a) sum of \$400,000 paid by the Proponent to the Creditors Trust will be treated as a loan by the Proponent to the Company and will be satisfied out of the share issues referred to at 1.2(a) above; and
 - (b) the costs of the Proponent referred to at 2.15(h) below will, after the termination of the DOCA, be repaid to the Proponent by the Company out of the funds raised by the Company as referred to at 1.2 above.
- 2.12** The control of the Company shall remain with the Deed Administrator until the DOCA is terminated.
- 2.13** The prescribed provisions in schedule 8A of the Corporations Regulations will be incorporated in the DOCA, save for regulations 3(c), 10 and 11.
- 2.14** The Proponent will be entitled to change the name of IPA, if required, and the Proponent acknowledges that such a change is subject to shareholder approval.
- 2.15** The Proposal is subject to the following Conditions Precedent being satisfied or waived at or prior to Completion:
- (a) all liabilities and long term commitments of IPA being released and compromised via a DOCA. It shall be a term of the DOCA that it is wholly effectuated and the appointment of the Deed Administrator terminated contemporaneously with the payment by the Proponent of the Cash Consideration to the Deed Administrator;
 - (b) any secured creditors agree to release all security over IPA;
 - (c) all creditors are bound by the DOCA. All creditors will be required to prove in accordance with the terms of the DOCA and Creditors Trust and no creditor shall have a right to claim payment against the Company;

- (d) termination of the employment of all employees, if any, at no cost to the Company post the DOCA;
- (e) the Proponent being satisfied as to the value of the assets retained by the Company as referred to at 2.1 above and the ASX providing written confirmation to the Proponent that it will lift the suspension on the trading of the securities of the Company without the need to re-comply with chapters 1 and 2 of the Listing Rules on finalising the DOCA;
- (f) the Court granting a permanent stay of the liquidation of the Company;
- (g) creditors voting in favour of this Offer at a meeting of creditors convened for that purpose or otherwise agreeing to be bound by this Proposal;
- (h) the Proponent being satisfied that any convertible notes on issue are simply debt obligations and the holders of such convertible notes being required to prove as creditors in accordance with the terms of the DOCA and Creditors Trust and no convertible noteholder shall have a right to claim payment against the Company after the termination of the DOCA;
- (i) any employee options being cancelled or consolidated;
- (j) the receipt of shareholder approval for the reconstruction and share issues contemplated at 1.2 above at a meeting of shareholders which shall be held within 3 months from the date of executing the DOCA. For this purpose, the Proponent shall prepare the required shareholder meeting materials and will submit these materials to ASX, the ASIC and the Deed Administrator for approval prior to dispatch. The Proponent shall bear its own costs in relation to the preparation of these meeting materials which sums shall be reimbursed by the Company in the event that the Proposals are approved. The Proponent's costs are not expected to exceed \$100,000; and
- (k) any deed of cross guarantee between IPA and another entity (other than the Deed of Cross Guarantee, Variation and Cross Collateralisation dated 14 February 2008) being terminated or the Proponent otherwise being satisfied that no deed of cross guarantee will operate with respect to the Company after the termination of the DOCA.

2.16 During the DOCA period, a transfer of shares in the Company, any alteration in the status of members or issue of shares shall be void except so far as the Court otherwise orders.

2.17 The contents of this Proposal are confidential and must not be disclosed to any parties, with the exception of the directors, creditors and major shareholders of IPA, without the Proponent's prior consent.

Should you have any queries in respect of this Proposal, please do not hesitate to contact me on 0407 027 935 or 07 3182 3200.

Yours faithfully

A handwritten signature in black ink, consisting of stylized initials 'MH' followed by a long horizontal line and a period.

Michael Hui
Investment Director