

Mayfair 101 Group Update

15 April 2021

Dear Mayfair 101 Group stakeholders,

We are writing to provide you with an update on the current status of the Mayfair 101 Group.

This update marks 12 months since the world of Mayfair 101 and our investors began being turned upside down by the corporate regulator. There are many expressions that can be used to describe what has transpired. For our investors we are deeply moved as to the financial, physical and emotional impact upon each and everyone.

It is important to be aware that at present the Group is restricted in what can be communicated to investors. These restrictions have been imposed by the courts.

M101 Nominees Pty Ltd in Liquidation – Secured Noteholders (M Core)

On 21 January 2021 the Group consented to the winding up of M101 Nominees Pty Ltd, with Mr Said Jahani and Mr Campbell-Wilson of Grant Thornton appointed as liquidators. The noteholders are secured against the unit trusts that hold Mayfair 101's Mission Beach and Dunk Island real estate portfolio. Those unit trusts are in receivership also with Grant Thornton appointed as receivers at the request of the Security Trustee, PAG Holdings (Aust) Pty Ltd.

Grant Thornton are required to manage all correspondence and communication with noteholders and creditors. You should be receiving regular updates from them as to the progress of the liquidation including creditor meetings.

M101 Holdings Pty Ltd – Unsecured Noteholders (M+)

It is important for M+ note investors to be aware that the company remains free from external administration.

On 23 March 2021 the Federal Court of Australia found that M101 Holdings Pty Ltd, M101 Nominees Pty Ltd, Online Investments Pty Ltd and Mayfair Wealth Partners Pty Ltd had engaged in misleading & deceptive conduct with respect to various representations made to investors. Whilst the decision of the Court is acknowledged it is relevant to note that:

- Legal sign-off had been obtained at every stage before making representations to potential investors;
- Mayfair 101 contends that it had a strong case for defending the proceedings on all fronts; and
- Mayfair 101 was not in a position to defend the case hence ASIC was successful against an unrepresented defendant.

A penalty hearing has been set for 20 July 2021 in which ASIC is seeking to impose pecuniary penalties over these entities including M101 Holdings Pty Ltd. This is likely to have the effect of diluting returns to noteholders.

The Liquidity Prudency Policy implemented on 11 March 2020 remains in place with redemptions remaining frozen. Investors are receiving their monthly statements, with monthly interest being determined and accounted for. Interest is currently being accrued for all and credited to noteholders accounts. Maturing notes are being rolled over on the terms of the initial investments.

Of significance to M+ noteholders is the announcement that Accloud PLC has entered into an engagement to be listed on the London Stock Exchange. The investment in Accloud remains the groups largest non-real estate investment and is held (and has always been held) for the benefit of the M+ and IPO Capital noteholders. This announcement is a major milestone in the Group's journey with Accloud over the past 6 years.

Further information is available via the link below -

<https://accloud.com/news/wh-ireland-engaged-to-advise-on-london-stock-exchange-admission/>

IPO Wealth Holdings Group – IPO Wealth Fund – in Liquidation

On 17 September 2020 the Supreme Court of Victoria wound up the IPO Wealth Holdings Group of companies on just and equitable grounds. Mr Hamish Mackinnon and Mr Nicholas Giasoumi of Dye & Co were appointed liquidators.

The Group continues to comply with its requirements to the liquidators noting its voluntary transfer of the Venice real estate asset on the 14 December 2020 to assist with the recovery of monies for IPO Wealth Fund unitholders.

Restructuring Activity

The loss of value in the Group arising from the actions of the Australian Securities and Investments Commission and various liquidators has been catastrophic.

To prevent further loss we are presently evaluating our restructuring options to maximise the return of capital to M Core, M+, IPO Capital and Australian Property Bond investors.

The activities presently being undertaken to minimise further loss include -

1. A refinance offer for all mainland Mission Beach properties was obtained in February 2021 from a Melbourne-based investment syndicate. The implementation of the refinance has the potential to extinguish the costly Napla facility to preserve the equity value in the Mission Beach portfolio.

We are working with all involved parties to satisfy their requirements to enable the refinance to be settled and our restructuring plan for Mission Beach to be implemented. This is a complex and costly exercise which is taking some time to finalise.

2. We are presently working with our advisors as to how the Group can re-organise its non-real estate assets for the benefit of the unsecured (M+ noteholders). This process requires the finalisation of various legal proceedings including those outlined below. The return of capital to noteholders from these assets will largely depend upon the performance of the underlying businesses.

It should be noted that every Mayfair 101 Group asset was negatively impacted as a result of the onslaught of legal proceedings over the past 12 months.

3. The Group's BVI company, 101 Investments Ltd, has commenced legal proceedings against the liquidators for the IPO Wealth Holdings group (Dye & Co) to:
 - a. Compel the liquidators to transfer the 21,250,000 Accloud PLC shares that were paid for with monies sourced from noteholders; and
 - b. Confirm the Group's investments in Paymate and Accloud that were financed by noteholders.

These proceedings were commenced in the Caribbean Commercial Court on 18 January 2021.

4. We have engaged Levitt Robinson. The firm's principal Stewart Levitt is a leading litigation lawyer to assist with identifying potential causes of action to expedite the return of capital to noteholders. Claims are presently being evaluated against various professional services firms that hold adequate insurance policies and/or are capable of settling damages claims arising from their potentially defective provision of services.

At present at least three parties have been identified that the Group may have a sizeable claim against.

5. The Group is presently working with its existing investments and nurturing new business opportunities to generate a return of capital to noteholders. This includes the fulfillment of the purchase contracts for the remainder of the properties in Mission Beach and the reclaiming and development of Dunk Island.

While none of these outcomes are guaranteed we are committed to achieving a return of capital to noteholders from the activities being undertaken.

Management Update

James Mawhinney remains as the Group's CEO and Managing Director in a full-time capacity. He continues to be supported and advised by his core management team and various external advisers.

Mr Mawhinney is focused on a) delivering a return for noteholders, b) clearing his name of the accusations that have been made over the past 12 months, and c) holding to account those that have unjustly contributed to the destruction of value to the Group and its investors. He remains steadfast in his resolve to deliver these outcomes.

Injunctions

At present the Group is subject to various interim injunctions imposed by the Federal Court. These injunctions limit the ability of the Group to develop and realise its assets for the benefit of its investors.

The Federal Court is yet to hand down its decision in the VID524/2020 case in which ASIC is seeking permanent injunctions on Mr Mawhinney. The Group is considering appealing any injunctions that may impact the Group's ability to return capital to investors.

Investor Support

We are grateful for the continued support of many investors including those in the recently formed noteholder group. We appreciate the severe frustration and angst that has been caused by the events of the 12 months. We intend on continuing to pursue the options available to us to facilitate a return of capital for Mayfair 101's investors and thank our investors in advance for their ongoing support.

Further Information

If you would like to know more about any of the above or your investment with Mayfair 101 please email enquiries@mayfair101.com and our team will respond accordingly.

Yours sincerely,

Mayfair 101 Group