



Client / Matter

The client, a national retail bank, had a significant exposure to a game meat processing plant located in regional New South Wales.

Appointment

We were appointed Receivers and Managers of the processing plant by the secured creditor and Receiver over the underlying real estate.

Issue

The processing plant was subject to stringent quality control by the Federal Government through the Australian Quarantine Inspection Service (AQIS). Prior to our appointment, AQIS had raised several concerns regarding the operation of the plant and the quality of the product. This had the effect of reducing trading revenue and increasing costs as rectification of these issues involved the employment of additional qualified staff. In addition, the company's secured loans had fallen into default. Given this position, the secured creditor considered its security was being dissipated through trading losses.

Due to contamination concerns, we were only appointed Receiver, not Receiver and Manager, over the underlying real estate.

Solution/Outcome

Prior to our appointment, the processing plant had been shut down due to the concerns raised by AQIS. Accordingly, upon our appointment, we secured the asset and prepared it for sale. We subsequently:

- maintained the plant on a care and maintenance basis
- conducted a sale campaign targeting several operators in this specialised industry
- completed a sale at above valuation

A sale significantly above valuation was achieved and the secured creditor was repaid a significant part of its debt.