

TO ALL CREDITORS

13 January 2014

Dear Sir/Madam

Retail Adventures Pty Limited ABN 37 135 890 845 (Administrators appointed) (RAPL)
Retail Adventures Holdings Pty Limited ABN 41 136 178 839 (Administrators appointed) (RAHPL) (the Companies)

I refer to our previous correspondence dated 18 September 2013 and 30 October 2013 regarding the application made to the Supreme Court of New South Wales (**Court**) by representatives of a group of creditors under section 600A of the *Corporations Act*, seeking to set aside a resolution passed at the Second Meeting of creditors held on 2 September 2013 (**Application**).

I confirm the above said creditors were successful in their application and the Judge made Orders to set aside the resolution approving the deed and ordered the Companies be wound up and placed into liquidation. However, these Orders have been stayed until 3 February 2014 to allow DSG Holdings Australia Pty Limited (**DSG**) time to appeal the decision. Until that time the companies remain in Administration.

We will provide a further update to creditors following the hearing on 3 February 2014 or earlier should there be any developments in relation to the current stay or the proposed appeal.

In the interim, creditors are not required to take any action. Further details regarding the Judgment and Orders made are detailed below.

Judgment and Orders

The Application was heard by the Court in November 2013 and judgment was delivered on 23 December 2013 (**Judgment**). The Judgment sets out the Court's reasoning in relation to the determination, along with the following Orders:

1. That the resolution made by the creditors of RAPL at the Second Meeting to the effect that RAPL enter into a deed of company arrangement, be set aside.
2. That RAPL be wound up.
3. That the winding up of RAPL shall operate as if section 446A of the *Corporations Act* applies and RAPL is taken to have passed a resolution under section 491 of the *Corporations Act* that RAPL be wound up voluntarily.
4. That the Administrators be appointed as the liquidators of RAPL.
5. The parties have leave to apply to the Court on 3 days' notice to vary or supplement orders 3 and 4.
6. Costs of the proceedings be reserved for further submissions.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

Stay of the Orders

On 23 December 2013, DSG made an application to the Court to stay the Orders on the basis that DSG intended to appeal the Judgment. As a result of that application, the Court ordered that the Orders be stayed until 5.00pm on 27 December 2013.

On 27 December 2013, DSG sought a further stay of the Orders. That application was opposed by both the plaintiffs to the Application and the Administrators. However, the Court determined that a further stay of the Orders should be granted until 5.00pm on 3 February 2014, subject to a number of conditions including the following (**Stay Orders**):

- That DSG and Bicheno Investments Pty Ltd (**Bicheno**) file and serve any Notice of Appeal on or before 24 January 2014;
- That DSG and Bicheno file and serve a notice of motion and affidavit in support of an application for expedition of any appeal on or before 24 January 2014, returnable for hearing before the Court of Appeal on 3 February 2014;
- That DSG and Bicheno file and serve a notice of motion and affidavit in support of any application for a further stay of the Orders on or before 24 January 2014, returnable for hearing before the Court of Appeal on 3 February 2014;
- That DSG consents to an extension of the Release Date in respect of the security granted by DSG to RAPL pursuant to the terms of the Sale of Business Deed until 31 July 2014; and
- That DSG provides the other parties with certain evidence regarding the financial position of DSG on or before 15 January 2014.

The Stay Orders provide that the stay of the Orders will automatically cease in the event that DSG or Bicheno fail to comply with the conditions set out above, in which case the Orders will take immediate effect.

Extension of the time for the DOCA to be executed

In light of the Stay Orders, the Administrators sought orders that the statutory time periods for execution of the DOCA be extended until 28 February 2014. Accordingly, orders were made by the Court in the following terms:

1. Subject to further order, pursuant to section 444B(2)(b) of the *Corporations Act*, the time for each of RAPL and RAHPL to execute a deed of company arrangement under section 444(2)(a) of the *Corporations Act* be extended until 28 February 2014; and
2. Subject to further order, until 18 February 2014:
 - a) the obligations of the Administrators under section 444B(5) of the *Corporations Act* to execute a deed of company arrangement for RAPL and RAHPL is suspended pursuant to section 600D of the *Corporations Act*; and
 - b) pursuant to section 447A of the *Corporations Act*, Part 5.3A of the *Corporations Act* has effect as though the obligations of the Administrators under section 444B(5) of the *Corporations Act* do not operate.

The Companies remain in Administration

As a consequence of the Stay Orders, the Companies will remain in administration until 5.00pm on 3 February 2014 unless there is a failure to comply with the conditions of the Stay Orders or the Court makes a further order extending the stay of the Orders.

If you have any queries in relation to the above, please contact Teresa Chan of my office on (02) 9322 3834 or by email at terchan@deloitte.com.au.

Yours faithfully



Vaughan Strawbridge
Joint and Several Administrator