

CIRCULAR TO ALL CREDITORS AND EMPLOYEES

6 January 2017

Dear Sir/Madam

Howards Storage World Pty Ltd ACN 094 719 490
HSW Corp. Pty Ltd ACN 104 435 181
Lealdir Pty Ltd ACN 104 246 433
Plaza Home-Imports Pty Ltd ACN 069 891 201
(All Administrators Appointed)
(Collectively referred to as the Companies or HSW Group)

I refer to the appointment of Vaughan Neil Strawbridge and I as Joint and Several Administrators (**Administrators**) of the Companies on 9 December 2016 pursuant to Section 436A of the *Corporations Act 2001 (the Act)*.

This circular has been prepared to advise all creditors that the Administrators brought an application to extend the convening period by 96 days, and an application pursuant to Section 588 FM of the Act, which was heard before Justice Robb in the Supreme Court of New South Wales on 4 January 2017. The orders sought were granted by the Court.

The Administrators brought an application before the Supreme Court of New South Wales and sought orders, firstly to extend the convening period by 96 days, and secondly to cure an issue pursuant to Section 588 FM of the Act to allow the Administrators to validly give security to a party if the Administrators sought to borrow monies to purchase inventory in the future.

The application to extend the convening period means that the convening period for the second creditors meeting has been extended from 18 January 2017 to 24 April 2017, pursuant to the Court order. This means that the second meeting of creditors must be held within five business days, which is 1 May 2017. However, as discussed at the first creditors meeting held on 20 December 2016, it is the intention of the Administrators to hold the meeting as soon as possible once the sale or restructure of the Companies has been determined.

In seeking an extension of the convening period, the Administrators took into account the following key considerations:

- i) An extension of the period will allow the best opportunity for the business to be sold as a going concern and provide the best return for creditors;
- ii) To take account of the Christmas and New Year Period;
- iii) To allow the Administrators an opportunity to investigate the Companies' affairs and therefore report to creditors in their Section 439A Report to decide on the Companies' futures at the second creditors meeting;

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- iv) To allow the business to continue as a going concern while offers to purchase the business are considered;
- v) To allow proposals to restructure the business to be considered.

The Administrators believe that the extension of the convening period will maximise the return to all stakeholders.

The second aspect of the hearing was to consider the need to obtain an order pursuant to Section 588FM of the Act. This is to cure an unintentional issue regarding the time period by which the Administrators could give security to a lender who they may borrow monies from. This order was sought to allow the Administrators, if necessary, to borrow new funds to purchase inventory.

Finally, I will provide further notice to you regarding the time, date and location of the second meeting of creditors in due course. A copy of the court order is available on our website at www.deloitte.com/au/howards-storage-world.

Should you have any questions in relation to this matter please contact the Administrators' office by email on hsw@deloitte.com.au.

Yours faithfully,



David Lombe
Joint and Several Administrator