

TO CREDITORS AND EMPLOYEES

4 December 2017

Dear Sir / Madam

OrotonGroup Limited ACN 000 038 675
OrotonGroup (Australia) Pty Ltd ACN 000 704 129
OrotonGroup (Licence Company) Pty Ltd ACN 166 068 695
(All Administrators Appointed)
(the Companies or OrotonGroup)

Glen Kanevsky and I were appointed Joint and Several Administrators (**Administrators**) of the Companies on 30 November 2017 pursuant to Section 436A of the Corporations Act 2001 (**the Act**).

The Administrators are continuing to trade the businesses whilst we seek a recapitalisation or sale of the Oroton business.

Your continued support of the businesses is appreciated during this period and is critical to achieving a successful outcome for all creditors, including employees.

Please note that suppliers should have received an initial Circular to Suppliers dated 30 November 2017 providing instructions for on-going trading. If you have not received the circular, please email the Administrators at orotongroup@deloitte.com.au.

A. Meeting of Creditors

I am required to convene a First Meeting of Creditors of the Companies within eight business days following my appointment. Accordingly, I enclose the following:

- Notice of Meeting of Creditors (the "first meeting") (**Annexure A**) to be held concurrently on **Monday, 11 December 2017 at 3:00pm (AEDT)** at the Institute of Chartered Accountants at the following address:

Chartered Accountants Australia and New Zealand
Level 1, 33 Erskine Street
Sydney NSW 2000

- Informal Proof of Debt for Voting Purposes (**Annexure B**)
- Instrument of Proxy (**Annexure C**)

Creditors who wish to attend and vote at the first meeting are required to complete and return an Informal Proof of Debt Form (**Annexure B**). Individuals attending the meeting on behalf of a corporate creditor will also need to complete and return an Instrument of Proxy (**Annexure C**). Completed forms must be returned to this office by **9:00am (AEDT) on Monday, 11 December 2017**. The relevant return address is detailed below:

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.

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Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

Mail: Attention: Edwina Irwin
[The relevant company/companies of which you are a creditor]
c/ - Deloitte Financial Advisory Pty Ltd
PO Box N250
Grosvenor Place
SYDNEY NSW 1220

Facsimile: (02) 9322 7001

Email: orotongroup@deloitte.com.au

Should you wish to attend the meeting via telephone, please email at orotongroup@deloitte.com.au and we will provide dial in details for you to join the meeting.

Also attached for your information are:

- A Declaration of Independence / Indemnities & Relevant Relationships for the purposes of Section 436DA of the Act (**Annexure D**)
- Initial Remuneration Notice (**Annexure E**)
- Information Sheet - Creditor Rights in Voluntary Administration (**Annexure F**)
- ASIC Information Sheet (**Annexure G**).

B. Ongoing trading

We are continuing to trade the businesses whilst we assess options for the recapitalisation or sale of the Oroton business. Would you please open new account(s) styled as follows, and charge future authorised orders to the appropriate account(s):

"OrotonGroup Limited (Administrators Appointed) ACN 000 038 675"

"OrotonGroup (Australia) Pty Ltd (Administrators Appointed) ACN 000 704 129"

"OrotonGroup (Licence Company) Pty Ltd (Administrators Appointed) ACN 166 068 695".

The abovementioned account(s) will be paid in accordance with your usual terms of credit. Please note any security interests you have with the Companies prior to our appointment will not apply to goods supplied as part of transactions on this new account unless specifically agreed to by us in writing and made the subject of a separate registration of the security interest on the Personal Property Security Register (**PPSR**).

If you have supplied any goods or collateral in respect of which you have security interest(s) on the PPSR, please send an email detailing the aspects of your claim to orotongroup@deloitte.com.au without delay.

We will not accept liability for payment for any goods or services supplied **without** the authority of the specified authorised signatories, whose names and specimen signatures are shown on the schedule enclosed (as **Annexure H**). Please note that there will be no offsets for pre-appointment claims against any new debts incurred via sale of stock by the Administrators to you.

If there are any outstanding or uncompleted orders placed by the Company prior to our appointment, please contact Edwina Irwin of this office on (02) 8260 4075 or email at orotongroup@deloitte.com.au to obtain written instructions concerning your order.

C. Your debt

The effect of our appointment is to place a moratorium on the payment of unsecured creditors' accounts in relation to trading and other debts incurred up to the date of our appointment, until creditors make a decision about each company's future, which will be determined at a second meeting of creditors. Creditors will receive notice of the second meeting of creditors in due course.

Creditors with security interests including retention of title creditors will have their claims determined in accordance with relevant processes under applicable law. A separate letter has been issued to creditors with registered security interests on the PPSR.

D. Extension for holding the second meeting of creditors

Under section 439A of the Act, the Administrators are required to convene a further meeting of creditors ("second meeting") to decide the future of the Companies. The period for convening this second meeting is 25 business days from the date of the appointment (**Convening Period**).

Taking into account the size and nature of the Companies' business operations, the Christmas period and our intentions to either recapitalise the Group or sell the business as a going concern, we intend on applying to Court for an extension of the convening period for a period of up to 90 days. Further information will be provided at the first creditors meeting on Monday, 11 December 2017.

Extending the Convening Period will allow us to deal with potential purchasers of the business and/or provide us with time required to enter discussions with key stakeholders to recapitalise the Orotongroup. It is our view that the further period of time will maximise the chances of the business continuing to trade and a successful outcome of the voluntary administration.

At this stage it is our view that progressing a sale or recapitalising the business is likely to result in a better return to all creditors as a whole compared to alternative scenarios, for example a liquidation. A going concern sale or recapitalisation is expected to result in the retention of a significant proportion of employees and continuity of supply to customers and trade with key suppliers.

Creditors are not required to take any further action at this stage unless they object to our application to seek an extension to the convening period. Creditors who object can contact us by email at orotongroup@deloitte.com.au.

We will advise creditors and employees of the outcome of the application to Court.

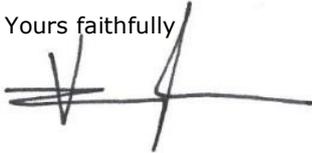
E. Approval to receive information electronically

Annexure I contains a form you will be required to complete if you wish to receive future notices and documents by email. We recommend that where possible creditors elect to receive future notices electronically as this will facilitate the communication process and reduce the costs of the administration that may otherwise be incurred.

During the course of this administration we may forward to creditors notices for the purposes of section 600(G) of the Corporations Act informing creditors that we have made notices and/or documents publicly available by electronic means by posting those notices and/or documents on the Internet. Any future notice sent to you for the purposes of section 600G will be sent to you either by email (where you have approved email communications by returning the enclosed Creditors' Electronic Communications Method Approval Form – Annexure I) or by post. We are able to comply with our obligations under the Act to serve copies of these notices and/or documents on you by notifying you that the notices and/or documents are available electronically and the way in which they can be accessed by you.

Should you have any further queries in relation to the process described above or the administration generally, please email us at orotongroup@deloitte.com.au.

Yours faithfully



Vaughan Strawbridge

Joint and Several Administrator

List of Annexures

- Annexure A Notice of Meeting
- Annexure B Informal Proof of Debt for Voting Purposes
- Annexure C Instrument of Proxy
- Annexure D A Declaration of Independence / Indemnities & Relevant Relationships for the purposes of Section 436DA of the Act
- Annexure E Initial Remuneration Notice
- Annexure F Information Sheet - Creditor Rights in Voluntary Administration
- Annexure G ASIC Information Sheet
- Annexure H List of Authorised Signatories
- Annexure I Creditors approval to the use of email by the external administrator when giving or sending certain notices under Section 600G of the Corporations Act

Notice of first meeting of creditors of a company under administration

CORPORATIONS ACT 2001
Section 436E
Insolvency Practice Rules (Corporations)
75-10, 75-15, 75-20, 75-35

OrotonGroup Limited ACN 000 038 675
OrotonGroup (Australia) Pty Ltd ACN 000 704 129
OrotonGroup (License Company) Pty Ltd ACN 166 068 695
(All Administrators Appointed)
(the Companies or OrotonGroup)

1. On 30 November 2017 the Companies under section 436A of the Corporations Act 2001 (Cth) appointed Vaughan Strawbridge and Glen Kanevsky of Deloitte Financial Advisory Pty Ltd, Grosvenor Place, 225 George Street, SYDNEY NSW 2000 as the Joint and Several Administrators of the Companies.
2. Notice is now given that a concurrent meeting of the creditors of the Companies will be held at the offices of the Institute of Chartered Accountants on Monday, 11 December 2017 at 3:00pm (AEDT) at the following address:

Chartered Accountants Australia and New Zealand
Level 1, 33 Erskine Street
Sydney NSW 2000
3. The purpose of the meeting is to determine:
 - a. whether to appoint a committee of inspection; and
 - b. if so, who are to be the committee's members.
4. At the meeting, creditors may also, by resolution:
 - a. remove the Joint and Several Administrators from office; and
 - b. appoint someone else as administrator of the Companies.
5. Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney*. The appointment of a proxy must be in the approved form.

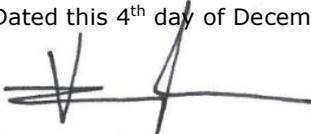
A special proxy can be lodged showing approval or rejection of each resolution. Proxy forms must be given to us as Joint and Several Administrators or the person named as convening the meeting. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairperson of the meeting, prior to the commencement of the meeting.

Telephone conference facilities will be available at the meeting. Should you wish to attend the meeting via telephone, please email orotongroup@deloitte.com.au and we will provide dial in details for you to join the meeting. Please note under Insolvency Practice Rules (Corporations) (IPR) Section 75-35 if you wish to participate in the meeting using such facilities you must give to the convener not later than Friday 8 December 2017 at 3:00pm (AEDT):

A written statement setting out:

- a) the name of the person and of the proxy or attorney (if any); and
- b) an address to which notices to the person, proxy or attorney may be sent; and
- c) a method by which the person, proxy or attorney may be contacted for the purposes of the meeting.

Dated this 4th day of December 2017.



Vaughan Strawbridge

Joint and Several Administrator

Deloitte Financial Advisory Pty Ltd
Grosvenor Place
225 George Street
SYDNEY NSW 2000

Telephone: (02) 9322 7000

***Voting at a Meeting the effect of Insolvency Practice Rules (Corporations) 75-85:**

Entitlement to vote at meetings of creditors

1. A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
2. Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
3. A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - a. his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - b. he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - i) those particulars; or
 - ii) if required—a formal proof of the debt or claim.
4. A creditor must not vote in respect of:
 - a. an unliquidated debt; or
 - b. a contingent debt; or
 - c. an unliquidated or a contingent claim; or
 - d. a debt the value of which is not established;unless a just estimate of its value has been made.
5. A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - a. treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - a. estimate its value;
 - b. for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
6. A person is covered by this subsection if:
 - a. the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - b. the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - c. the person is not an insolvent under administration or a person against whom a winding up order is in force.

Informal Proof of Debt Form

Regulation 5.6.47

(please tick)

OrotonGroup Limited ACN 000 038 675

OrotonGroup (Australia) Pty Ltd ACN 000 704 129

OrotonGroup (Licence Company) Pty Ltd ACN 166 068 695

(All Administrators Appointed)

Name of creditor:

Address of creditor:

.....

ABN:

Telephone number:

Amount of debt claimed: \$..... Including GST \$

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

.....

.....

.....

I am not a related creditor of the Company

I am a related creditor of the Company
relationship:.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....

.....

.....

Other information:

.....

.....

.....
Signature of Creditor
(or person authorised by creditor)

.....
Dated

Notes:

Under the Insolvency Practice Rules (Corporations) (IPR) 75-85, a creditor is not entitled to vote at a meeting unless:

- a) his or her claim has been admitted, wholly or in part, by the Joint Administrators; or
- b) he or she has lodged with the Joint Administrators particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security (IPR 75-87).

Proxies must be made available to the Joint Administrators.

**Appointment of Proxy
Creditors meeting**

CORPORATIONS ACT 2001
Insolvency Practice Rules (Corporations)
75-25 & 75-150

(please tick)

- OrotonGroup Limited ACN 000 038 675
 - OrotonGroup (Australia) Pty Ltd ACN 000 704 129
 - OrotonGroup (Licence Company) Pty Ltd ACN 166 068 695
- (All Administrators Appointed)**

*I/*We⁽¹⁾:

of:

being a creditor of the
above selected company,
appoint⁽²⁾

or in his or her
absence:

as *my/*our *general/*special proxy to vote at the meeting of creditors to be held on Monday, 11
December 2017 at 3:00pm (AEDT). ⁽³⁾

.....
Signature of Creditor Dated

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

I, of

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

Notes

- * Strike out if inapplicable
- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed
- (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular



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ACN 611 749 841

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www.deloitte.com.au

Declaration of Independence, Relevant Relationships and Indemnities

OrotonGroup Limited

ACN 000 038 675

OrotonGroup (Australia) Pty Limited

ACN: 000 704 129

OrotonGroup (Licence Company) Pty Limited

ACN: 166 068 695

(the Companies or OrotonGroup)

This document requires the Practitioners appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - (i) the circumstances of the appointment;
 - (ii) any relationships with the OrotonGroup and others within the previous 24 months;
 - (iii) any prior professional services for the OrotonGroup within the previous 24 months;
 - (iv) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, our partners and Deloitte Financial Advisory Pty Limited (**Deloitte**).

A. Independence

We, Vaughan Strawbridge and Glen Kanevsky of Deloitte have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as voluntary administrators of the OrotonGroup in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

i. Circumstances of appointment

After the OrotonGroup Limited's half yearly earnings release of their H1FY17 results on 28 March 2017 and the ASX announcement of their second profit downgrade, widely due to sharp falls in Oroton sales and losses in Gap clothing stores, the OrotonGroup engaged Moelis & Co (Moelis) to undertake a strategic review and conduct market soundings to recapitalise the OrotonGroup.

Moelis introduced Deloitte to the OrotonGroup which resulted in the OrotonGroup engaging Deloitte on 29 June 2017, to perform the following investigating accountant and pre-planning scope of works:

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. The entity named herein is a legally separate and independent entity. In providing this document, the author only acts in the named capacity and does not act in any other capacity. Nothing in this document, nor any related attachments or communications or services, have any capacity to bind any other entity under the 'Deloitte' network of member firms (including those operating in Australia).

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Initial Scope of work

A. Assess current financial position

Understand the current financial position of the OrotonGroup with a particular focus on liquidity, including:

- Review of cash flow forecasts.
- Impact of negotiations with franchisor and any other restructuring initiatives being undertaken.

Diligence and analysis of key Agreements

Understanding key stakeholder contracts. These include but not limited to:

- Franchise agreements;
- Bank facilities;
- Key employment contracts;
- Landlords;
- Inventory ownership and stock turn; and
- Online sales platform.

B. Consider options available to the OrotonGroup

In respect to the above scope of work our involvement was limited to preparing contingency planning analysis in respect to the orderly wind down of the Gap franchise business and a draft estimated outcome statement in the event of the voluntary administration of the OrotonGroup. As part of the Gap orderly wind down we extracted key performance dashboards from the financial systems of the OrotonGroup to enable monitoring of the wind down.

The OrotonGroup has secured facilities with Westpac Banking Corporation Limited and which have been guaranteed via a put and call option with Manderrah Pty Ltd and others ("Put/Call Counterparties"). The Put/Call Counterparties made inquiries of the OrotonGroup regarding work within our scope. We were requested by the OrotonGroup to respond to certain queries made. As part of our role as investigating accountant and at the request of the Put/Call Counterparties, we assisted the OrotonGroup to consider potential head office cost reductions.

Approximately 17 meetings were held with the OrotonGroup, its advisors and with the Put/Call Counterparties during the period of the engagement. Our involvement at these meetings was to assist with answering questions relating to likely scenarios and implications should a formal insolvency process eventuate. Janna Robertson of Deloitte attended four meetings with landlords of the Gap business to answer questions if required on the expected return to creditors in the event the OrotonGroup was placed into insolvency. It should be noted these meetings were arranged and run by the OrotonGroups' advisors Moelis. Janna Robertson of Deloitte also attended one board meeting to discuss the Gap wind down options where the three directors of the OrotonGroup were all in attendance on 29 August 2017.

Telephone conferences were also held to clarify information received and the draft estimated outcome statement in the event of the voluntary administration of the OrotonGroup. Vaughan Strawbridge attended a meeting via telephone between the OrotonGroup, its advisors and Gap Inc in respect to exiting its franchise agreements to answer if required any questions Gap Inc may have had in respect to the expected return to creditors in the event the OrotonGroup was placed into insolvency.

Additional pre-planning work as potential administrator

In order to be in a position to take the appointment as voluntary administrators should the sale of business or the proposed equity raising be unsuccessful we were requested on 24 November 2017 to conduct further works to prepare for the eventuation should we be appointed voluntary administrators. This included preparing a cash flow forecast to identify if there would be a funding requirement during the administration period. We were also requested to prepare:

- high level trading and sale of business strategy
- stakeholder management and communications plan.

Vaughan Strawbridge and Janna Robertson attended a telephone conference with the three directors of the OrotonGroup on 29 November 2017 to answer questions in respect to the process of a voluntary administration and pre-planning work undertaken.

Deloitte has received remuneration in the amount of \$227,760.36 (excluding GST) for the services rendered in the role of investigating accountants (Remuneration), paid by the OrotonGroup.

This Remuneration was paid in accordance with our engagement terms. In the event that it becomes necessary to investigate and report on whether the Remuneration is a voidable preference in any subsequent liquidation, we will appoint an independent registered liquidator to undertake that work or seek direction of the Court.

In our opinion, the engagement does not affect our independence or present a conflict or impediment for the following reasons:

- The Courts and the ARITA Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment
- The work undertaken has assisted us in developing an understanding of the OrotonGroup and its activities.
- At no time did we provide advice to the board, directors, management, creditors or any other stakeholders of the OrotonGroup in relation to the management of the OrotonGroup, managing the affairs of the OrotonGroup or the obligations and duties of the board, individual directors and management.
- The nature of the work undertaken is such that it would not be subject to review and challenge during the course of the voluntary administration and any subsequent liquidation.
- The pre-appointment advice will not influence our ability to be able to fully comply with statutory and fiduciary obligations associated with the voluntary administration of the OrotonGroup in an objective and impartial manner.

ii. Relevant Relationships (excluding Professional Services to the OrotonGroup)

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons why not an impediment or conflict
Moelis & Co	<p>Moelis were engaged as the financial adviser to the OrotonGroup to undertake the strategic review of the OrotonGroup on go forward options including exit from the Gap franchise business and conducting market soundings for a recapitalisation of the OrotonGroup.</p> <p>Moelis referred Deloitte to the OrotonGroup to provide insolvency advice in the event of an Administration.</p> <p>Moelis have referred a number of advisory engagements to Deloitte in the ordinary course of business. These referrals are not related to the OrotonGroup.</p>	<p>We have undertaken a number of engagements which have been referred to us by Moelis in the usual course of business.</p> <p>Throughout our engagement with the OrotonGroup:</p> <ul style="list-style-type: none"> • Moelis remained as the OrotonGroup's lead financial advisor. Deloitte was engaged by the OrotonGroup to act in the investigating accountant role. • Discussions were limited to obtaining information to enable Deloitte to undertake their analysis • The findings from the engagement and the workshop were discussed with both the OrotonGroup and Moelis and formed part of Moelis' sale campaign <p>We are not paid any commissions, inducements or benefits by Moelis to undertake any engagements. There is no</p>

		<p>arrangement between us and Moelis that we will give any work arising out of the Administration to Moelis.</p> <p>There is no relationship with Moelis which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.</p>
Westpac	<p>Westpac holds a general security interest over the whole property of the OrotonGroup.</p> <p>We have undertaken a number of formal insolvency and advisory engagements for Westpac in the usual course of business.</p> <p>Deloitte has provided and continues to provide Advisory, Consulting, Data Analytics, Forensic, Risk Services and Tax services to Westpac.</p>	<p>We do not consider previous formal insolvency and advisory engagements accepted which involve Westpac to present a conflict as there is no connection between these previous engagements and the OrotonGroup.</p> <p>The provision of Advisory, Consulting, Data Analytics, Forensic, Risk Services and Tax services to Westpac brings about a commercial relationship that in our opinion does not present a conflict or impediment as it does not impact upon the position of the OrotonGroup.</p> <p>We are not paid any commissions, inducements or benefits to undertake any engagements with or on behalf of Westpac and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party.</p> <p>Therefore there is no relationship with Westpac which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.</p>

Group Appointment

As specified on page 1, we have been appointed as Voluntary Administrators of three companies in the OrotonGroup. We are of the view that the appointment to the OrotonGroup will have practical benefits to our conduct, particularly in that this will enable an accurate view to be obtained of the financial position of the group as a whole. We are aware that there may be inter-company transactions within the OrotonGroup but at this time we are not aware of any potential conflicts arising from our appointment over the group companies.

However, if in the future any inter-company dealings give rise to a conflict then we undertake to disclose any such conflicts to the creditors and, if required, seek Court directions as to the appropriate means of resolving the conflict among members of the OrotonGroup. In addition if any issue arises in relations to our appointment we will refer this to the Court for directions which may include seeking the appointment of an independent party to form a view on any issue which may arise.

iii. Prior Professional services to the Group of Companies

Other than the information provided in Section ii Relevant Relationships, neither we, nor our firm, have provided any professional services to the OrotonGroup in the previous 24 months.

iv. No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the OrotonGroup, an associate of the OrotonGroup, a former insolvency practitioner appointed to the OrotonGroup or any person or entity that has security over the whole or substantially whole of the OrotonGroup's property that should be disclosed.

C. Indemnities and up-front payments

We have not been indemnified in relation to this voluntary administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

Dated: 4 December 2017



Vaughan Strawbridge



Glen Kanevsky

Notes:

1. If circumstances change, or new information is identified, we are required under the Corporations Act and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

Initial Remuneration Notice

OrotonGroup Limited ACN 000 038 675
OrotonGroup (Australia) Pty Ltd ACN 000 704 129
OrotonGroup (Licence Company) Pty Ltd ACN 166 068 695
(All Administrators Appointed)
(the Companies or OrotonGroup)

The purpose of the Initial Remuneration Notice is to provide you with information about how we propose our remuneration for undertaking the Voluntary Administration will be set.

Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

- a. **Time based / hourly rates:** This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.
- b. **Fixed Fee:** The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.
- c. **Percentage:** The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
- d. **Contingency:** The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method Chosen

Given the nature of this Administration we propose that our remuneration be calculated on time based / hourly rates. This is because:

- It ensures that creditors are only charged for work that is performed.
- We are required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001 (Cth).
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the Administration.
- We have a time recording system that can produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the Administration.
- Time based remuneration calculates fees upon a basis of time spent at the level appropriate to the work performed.
- The method provides full accountability in the method of calculation.

Explanation of Hourly Rates

The rates for my remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the Administration and the role they take in the Administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description	Hourly Rate (Excl GST)
Appointee	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$595
Partner	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$595
Principal/ Consultant	Typically CA or CPA qualified with in excess of 10 years' experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.	\$550
Director	Typically CA or CPA qualified with in excess of 7 years' experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.	\$500
Manager	Typically CA or CPA qualified with 5 to 8 years' experience working on insolvency matters. Will have experience conducting administrations and directing a number of staff.	\$450
Senior Analyst	Typically completed or near completion of CA or CPA qualifications with 3 to 6 years insolvency experience. Assists in planning and control of smaller matters as well as performing some more difficult tasks on larger matters.	\$340
Analyst	Typically studying towards CA or CPA qualification with 1 to 4 years insolvency experience. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$275
Graduate	Junior staff member who has completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork. This may include staff located in other offices of Deloitte overseas. These staff work under the supervision of Australian staff with insolvency experience.	\$200
Secretary	Advanced secretarial skills	\$195
Other Clerical	Support secretarial and administrative skills	\$195
Other Junior	Junior staff member who has not yet completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$190

Estimated Remuneration

We estimate that this Administration will cost approximately \$2,000,000 to \$3,000,000 to complete, subject to the timeframe and progress of the recapitalisation or sale. This may impact the duration of the Voluntary Administration and have a significant effect on our estimate which we are unable to quantify at this early stage in the Administration.

Disbursements

Disbursements are divided into three types:

- **Externally provided professional services** - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- **Externally provided non-professional costs** such as travel, accommodation and search fees - these are recovered at cost.

- **Internal disbursements such as photocopying, printing and postage.** These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

We are not required to seek creditor approval for disbursements paid to third parties, but must account to creditors. However, we must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditor's consent for the payment of internal disbursements where there may be a profit or advantage. Creditors will be asked to approve my internal disbursements where there is a profit or advantage prior to these disbursements being paid from the Administration.

Disbursements	Rate (Excl GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements	
Data room fees	At cost
Staff vehicle use	\$0.70 per km
Stationery, printing, photocopying, telephone and faxes	2.5% of incurred insolvency fees

Scale applicable for financial year ending 30 June 2018.

Dated this 4th day of December 2017

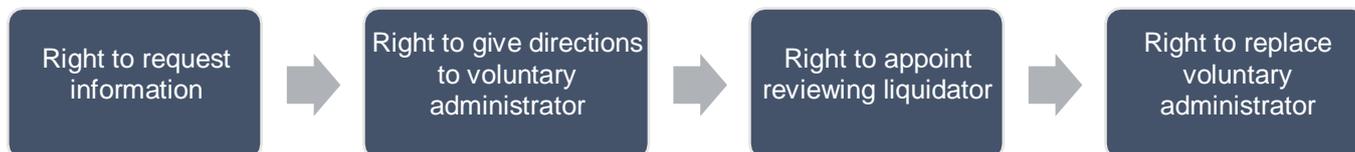


Vaughan Strawbridge
Joint and Several Administrator



Creditor Rights in Voluntary Administrations

As a creditor, you have rights to request meetings and information or take certain actions:



Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

Creditors have the right to request information at any time. A voluntary administrator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the voluntary administration, and the provision of the information would not cause the voluntary administrator to breach their duties.

A voluntary administrator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the voluntary administrator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

Requests must be reasonable.

They are not reasonable if:

- complying with the request would prejudice the interests of one or more creditors or a third party
- the information requested would be privileged from production in legal proceedings
- disclosure would found an action for breach of confidence
- there is not sufficient available property to comply with the request
- the information has already been provided
- the information is required to be provided under law within 20 business days of the request
- the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.



Right to give directions to voluntary administrator

Creditors, by resolution, may give a voluntary administrator directions in relation to a voluntary administration. A voluntary administrator must have regard to these directions, but they are not required to comply with the directions.

If a voluntary administrator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons for not complying.

An individual creditor cannot provide a direction to a voluntary administrator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a voluntary administrator's remuneration or a cost or expense incurred in a voluntary administration. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

The cost of the reviewing liquidator is paid from the assets of the voluntary administration, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the voluntary administrator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

Right to replace voluntary administrator

At the first meeting, creditors have the right to remove a voluntary administrator and appoint another registered liquidator to act as voluntary administrator.

A creditor must ensure that they have a consent from another registered liquidator prior to the first meeting if they wish to seek the removal and replacement of a voluntary administrator.

Creditors also have the opportunity to replace a voluntary administrator at the second meeting of creditors:

- If creditors vote to accept a proposed deed of company arrangement, they can appoint a different registered liquidator as the deed administrator.
- If creditors vote to place the company into liquidation, they can appoint a different registered liquidator as the liquidator.

It is however usual for the voluntary administrator to act as deed administrator or liquidator. It would be expected that additional costs would be incurred by an alternate deed administrator or liquidator to gain the level of knowledge of the voluntary administrator.

Like with the first meeting, a creditor must ensure that they have a consent from another registered liquidator prior to the second meeting if they wish to seek to appoint an alternative registered liquidator as deed administrator or liquidator.

For more information, go to www.arita.com.au/creditors or go to ASIC's web site to view their insolvency resources <http://asic.gov.au/regulatory-resources/insolvency/>



ASIC/ARITA Information sheet for

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Australian Restructuring Insolvency & Turnaround Association (ARITA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- INFO 41 Insolvency: a glossary of terms
- INFO 74 Voluntary administration: a guide for creditors
- INFO 75 Voluntary administration: a guide for employees
- INFO 45 Liquidation: a guide for creditors
- INFO 46 Liquidation: a guide for employees
- INFO 54 Receivership: a guide for creditors
- INFO 55 Receivership: a guide for employees
- INFO 43 Insolvency: a guide for shareholders
- INFO 42 Insolvency: a guide for directors
- INFO 84 Independence of external administrators: a guide for creditors
- INFO 85 Approving fees: a guide for creditors

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the ARITA website at www.arita.com.au. The ARITA website also contains the ARITA's Code of Professional Practice for Insolvency Professionals, which applies to ARITA members.

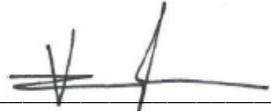
Important note: The information sheets contain a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

Authorised Signatories

**OrotonGroup Limited ACN 000 038 675
OrotonGroup (Australia) Pty Ltd ACN 000 704 129
OrotonGroup (Licence Company) Pty Ltd ACN 166 068 695
(All Administrators Appointed)**

Specimen Signatures

NAME: VAUGHAN STRAWBRIDGE

SIGNATURE:  _____

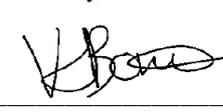
NAME: GLEN KANEVSKY

SIGNATURE:  _____

NAME: KATHRYN EVANS

SIGNATURE:  _____

NAME: VANESSA DE BONO

SIGNATURE:  _____

Creditor’s approval to the use of email by external administrators when giving or sending certain notices under Section 600G of the Corporations Act 2001

Corporations Act 2001 Section 600G
Insolvency Practice Rules (Corporation) – 75-10

Should you wish to receive notices and documents relating to the administration of the Oroton Group by email, please complete this form and return it to orotongroup@deloitte.com.au or mail it to the address set out below.

- I/We authorise the External Administrator on behalf of the OrotonGroup to send and give notices and documents where such notices and documents may be sent by email, by using the email address provided below.

- Where the external administration has evolved into another form of external administration (such as a voluntary administration becoming a deed of company arrangement or creditors voluntary administration) I/We authorise the External Administrator of the OrotonGroup whether as voluntary administrator or deed administrator or liquidator of the OrotonGroup and his employees and agents to send and give notices and documents where such notices and documents may be sent by email to me/us using the email address provided below.

Signature:

Creditor name:

Creditor address:

Contact name:

Position:

Email Address:

Contact number:

Return to:

Via Email: orotongroup@deloitte.com.au
Via Post: The Administrators
OrotonGroup
C/-Deloitte Financial Advisory
N250 Grosvenor Place
Sydney NSW 2000