

CIRCULAR TO CREDITORS

3 February 2015

Dear Sir/Madam

**Retail Adventures Pty Limited (RAPL) (“the Company”)
(In Liquidation)
ACN 135 890 845**

Update on Court Application by IMF Bentham Limited (IMF) Funded Creditors

In our circular to creditors dated 1 December 2014, we advised creditors of a proposed application to Court by creditors of RAPL who had obtained litigation funding from IMF (“Funded Creditors”) to have IMF’s costs and funding fee paid in priority to any distribution to unsecured creditors.

The purpose of this circular is to provide creditors with an update on the progress of that application.

An application was filed by one of the Funded Creditors, Sperling Enterprises Pty Ltd, on 23 December 2014 in the Supreme Court of New South Wales. The application has been made under Section 564 of the Corporations Act 2001 (Cth) and has a first Court hearing date of 16 February 2015. The purpose of that hearing will be to make procedural orders for the hearing of the application which is expected to occur in March 2015 depending upon Court availability.

In our last circular, we informed creditors that if the Funded Creditors’ application was successful it would reduce the amount of the proposed \$13.84 million distribution by approximately \$1.86 million which would be paid to IMF in priority to all other creditors. The balance of the distribution would then be paid to all creditors pro rata. **This means that if the orders being sought by the Funded Creditors are made the amount received by non-IMF funded creditors will be reduced.**

Given the impact of the proposed orders on the distribution to non-IMF funded creditors, we have taken steps to ensure that the interests of non-IMF funded creditors are appropriately represented in the proceedings.

A creditor, TNW Australia Pty Ltd, who was formerly a member of the committee of creditors during the voluntary administration, has agreed to be appointed as a representative defendant in the proceedings to represent the interests of non-IMF Funded Creditors. We will be seeking orders from the Court on 16 February 2015 that TNW Australia Pty Ltd be joined as a representative defendant in the proceedings and that TNW Australia Pty Ltd’s costs of the proceedings be paid as costs of the liquidation.

Creditors are not required to do anything at this stage. We will provide a further update to creditors following the hearing on 16 February 2015. A copy of the Court application is available for download at:
<http://www.deloitte.com/au/retailadventures>.

If you have any queries in relation to the above, please contact us on (02) 9322 3834 or by email at retailadventures@deloitte.com.au.

Yours faithfully



Vaughan Strawbridge
Joint and Several Liquidator

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