

TO ALL CREDITORS

18 September 2013

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 the Second Meeting of Creditors of the Companies held on 2 September 2013 (**Second Meeting**).

Outcome of the Second Meeting

At the Second Meeting, resolutions were passed by the creditors of each of the Companies approving a Deed of Company Arrangement (**DOCA**) proposal from a related entity of the Companies, Bicheno Investments Pty Limited.

A copy of the minutes of the Second Meeting is available on our website at:
<http://www.deloitte.com/au/retailadventures>.

A DOCA is normally required to be executed within a 15 business day period from the date of the Second Meeting. This period has been extended by the Court and as such we do not expect the DOCA to be signed before November 2013. The effect of this is the administration of the Companies will now continue, subject to any further order of the Court.

Why is the administration continuing / time for the DOCA to be executed extended

As you may have seen reported in the press, representatives of a group of creditors who voted against the DOCA have filed an application in the Supreme Court of New South Wales seeking orders setting aside the resolution passed by the creditors of RAPL at the Second Meeting and an order that RAPL be wound up (**Application**).

The Application has been made under section 600A of the *Corporations Act* which permits the Court to set aside a resolution passed at a meeting of creditors if the resolution would not have passed if the votes of related entities are disregarded and the Court is satisfied that the passing of the resolution:

- is contrary to the interests of creditors as a whole; or
- has prejudiced, or is reasonably likely to prejudice, the interest of creditors who voted against the resolution to an unreasonable extent.

The Application has been listed for hearing on 29 and 30 October 2013.

In order to preserve the *status quo* pending determination of the Application, on 16 September 2013, the Court made the following orders:

1. that pursuant to section 444B(2)(b) of the Corporations Act 2001 (Cth) (Act), the time for each of RAPL and RAHPL to execute a Deed of Company Arrangement under section 444B(2)(a) of the Act be extended to a time which expires 48 hours after the plaintiff's application under section 600A of the Act is determined; and
2. until 48 hours after the plaintiff's application under section 600A of the Act is determined or further order:
 - (a) the obligations of the Administrators under section 444B(5) of the Act to execute a Deed of Company Arrangement for RAPL and RAHPL respectively is suspended pursuant to section 600D of the Act; and
 - (b) pursuant to section 447A of the Act, part 5.3A of the Act has effect as though the obligations of the Administrators under section 444B(5) of the Act do not operate.

The Court also ordered that notice be given to all known creditors of the above orders and that any person aggrieved by the orders has liberty to apply to the Court to vary or set aside those orders on 3 days' notice.

Directions received in respect to RAHPL's proofs of debts in RAPL

Pursuant to section 447D(1) of the Act, the Administrators applied to the Federal Court of Australia for directions in relation to proofs of debt lodged by RAHPL in the administration of RAPL. This had a direct impact on the ability of RAHPL to vote at the Second Meeting on the future of RAPL.

The application was heard in the Federal Court of Australia on Friday 30 August 2013 and the Court granted orders on 2 September 2013 that:

- As Administrators of RAHPL, we are justified in withdrawing the proofs of debt lodged by RAHPL in the administration of RAPL, in the amounts of \$80,491,785 and \$68,000,000.
- As Administrators of RAPL we are justified in rejecting the proofs of debt lodged by RAHPL in the administration of RAPL, in the amounts of \$80,491,785 and \$68,000,000.

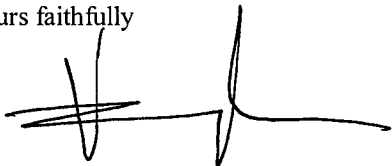
A copy of these court orders are available on our website at www.deloitte.com/au/retailadventures.

You are receiving this letter as the Court instructed the Administrators to notify creditors of these orders. Creditors are not required to take any action in respect to this issue.

The impact of the above orders was the intercompany debt between RAHPL and RAPL was not utilised in the resolution put to creditors at the Second meeting to determine the future of RAPL. Included in the minutes of the Second Meeting are details of the voting.

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

Yours faithfully



Vaughan Neil Strawbridge
Joint and Several Administrator