

THIRD MEETING OF THE COMMITTEE OF INSPECTION

Retail Adventures Pty Ltd (In Liquidation)
("The Company")
ACN 135 890 845

Held at the Offices of Deloitte Touche Tohmatsu
Level 14 Grosvenor Place, 225 George Street, Sydney NSW 2000
On Wednesday 11 June 2014 at 10.30 am (AEST)

- In Attendance:** Vaughan Strawbridge Liquidator, Deloitte Touche Tohmatsu
Kathryn Evans Deloitte Touche Tohmatsu
Mark Clifton Herbert Smith Freehills
- Present:** The following Committee members were in attendance:
- Dominic Calabria - in person
Nick Mastrantonis – by telephone
Kenneth Goh – by telephone
Tina Shur – by telephone
Verica Pavlovksa – by telephone
- Apology:** Michael Giannak
- Opening of meeting:** Mr Strawbridge declared the meeting open at 10.35 am (AEST).
- He introduced himself and advised this was the third Committee of Inspection meeting of Retail Adventures Pty Limited (In Liquidation), which will be referred to as RAPL or the Company for the period of the meeting.
- He introduced Kathryn Evans of his staff. He advised that Mr Giannak had passed on his apologies as he was unable to attend the meeting.
- Mr Strawbridge noted that present at the meeting is Kenneth Goh, a director of JFK Group Limited who is present as the authorised corporate representative of that company, standing in for Fiona Goh who was unable to attend the meeting.
- Mr Strawbridge noted that Mr Calabria and Mr Clifton had joined the meeting. He stated that all members present except Mr Calabria were attending by teleconference and would be taken as having signed the attendance register. Mr Calabria has signed the attendance register.
- Appointment of Chairperson:** Mr Strawbridge advised that pursuant to Regulation 5.6.17(1) of the Corporations Regulations, that as Joint and Several Liquidator he would occupy the Chair.
- Purpose:** The Chairperson advised the purpose of the meeting was to:
1. Receive an update on matters relating to the liquidation;
 2. Provide information on an offer received from DSG Holdings Australia Pty Ltd (DSG) and Bicheno Investments Pty Ltd (Bicheno) to enter into a deed of settlement regarding the proceedings commenced under S588FE of the Corporations Act (voidable security proceedings) and the General Security Agreement held by RAPL over DSG and the proposed settlement of a preference claim;
 3. To consider, and if thought fit, pass a resolution approving the Liquidators to enter into a Deed of Settlement and related documents containing terms substantially to the effect of the terms detailed in Attachment 1 to the letter to the Committee of Inspection dated 10 June 2014; and

4. To consider any other business.

Tabling of documents:

The Chairperson tabled the notice of meeting of the Committee of Inspection dated 10 June 2014.

He stated that if there were no objections to the tabling of these documents he will take them as being read. There were no objections.

Time and place of meeting:

The Chairperson stated he had not received any objections that the time and place was not convenient to the Committee members. Therefore pursuant to Regulation 5.6.14 of the *Corporations Act 2001*, he declared that the meeting is held at a time and place most convenient for the majority of persons entitled to receive notice of the meeting.

Quorum:

As a majority of members of the Committee were present the Chairperson declared in accordance with Regulation 5.6.16 of the *Corporations Act 2001*, that a quorum is present for this Committee of Inspection Meeting.

Voting on resolutions:

The Chairperson advised all motions are to be resolved on the voices.

When a motion is called, could those who are in favour of the motion call yes and those against no.

The Chairperson noted that he will be asking Mr Calabria to exclude himself from voting on the proposed resolution. He stated that all other members present at the meeting would be required to vote in favour of the resolution in order for it to be passed. He also noted that he would be recording any abstentions from voting.

Update of the Liquidation

The Chairperson provided an update on the liquidation.

1. Minutes of second meeting of the committee of inspection on 13 May 2014

The Chairperson stated the draft minutes of the meeting held on 13 May 2014 were circulated on 15 May 2014. He confirmed that as he had not received any comments on these minutes they will be lodged that day with ASIC and posted on the Deloitte website.

2. Intentions to enter settlement discussions

The Chairperson stated that at the last Committee meeting he advised that it was his intention to enter into settlement discussions with DSG/Bicheno. A deed of deferral was agreed with the key terms being:

- Mediation by 13 June 2014
- General Security Agreement held by RAPL over DSG extended to end of October 2014
- S588FE proceedings adjourned to 30 June 2014
- Orders for production adjourned to 4 July 2014
- Bridges Lawyers to accept service for Jan Cameron (noting this had occurred)
- Public examinations deferred to the week commencing 4 August 2014
- Jan Cameron not to make donations totalling more than \$10,000 until 31 August 2014
- Liquidators agree not to enter into funding agreement before 14 June 2014.

3. Settlement of S588FE and assignment of GSA

The Chairperson advised the primary purpose of the meeting was to discuss the offer received from DSG and Bicheno to enter into a deed of settlement regarding the proceedings commenced under S588FE of the Corporations Act (voidable security proceedings) and the General Security Agreement held by RAPL over DSG and the proposed settlement of a preference claim. The Chairperson stated that Mr Calabria would leave the meeting at this point.

Mr Calabria advised the meeting he had the settlement monies in cleared funds in his trust account and a cheque made out to the Liquidators. He confirmed that the settlement

documents had been signed by all Bicheno/DSG parties with the exception of a director of Van Diemenz Dealz Pty Ltd.

The Chairperson directed Committee members to the Private and Confidential presentation that had been loaded onto an electronic data room. He referred to the first slide which outlined the current legal actions; namely the voidable security proceedings and the insolvent trading proceedings. He provide Committee members with information on:

- the basis of each of the claims;
- the status and timetable; and
- potential outcomes and risks.

The Chairperson then went through the terms of the potential settlement with DSG and Bicheno as outlined in the private and confidential notice sent to Committee members on 10 June 2014.

- Immediate payment of \$3.95 million to the Liquidators.
- DSG, Jan Cameron and Bicheno withdraw all proofs of debt and release RAPL from their claims in the liquidation of RAPL.
- The Liquidators are not prevented from pursuing insolvent trading claims against the directors of RAPL.
- The Liquidators agree not to pursue DSG and Bicheno for insolvent trading.
- Bicheno warrants that at all times the shares in DSG have been held by it in a fiduciary capacity as trustee of the Jan Cameron Trust. Bicheno and Jan Cameron will acknowledge that the Liquidators are relying on this warranty in agreeing to the release of Bicheno from insolvent trading claims and indemnify RAPL and the Liquidators in respect of any breach of the warranty).
- DSG's debt in Retail Adventures Holdings Pty Ltd (In Liquidation) (RAHPL) and security over RAHPL to be assigned to RAPL.
- Bicheno agree to pay \$600k to the Liquidators and \$450k to the Liquidators for CBP in satisfaction of cost orders relating to the S600A application and appeal. The Liquidators agree to pay the \$450k to CBP.
- The General Security Agreement held by RAPL over DSG to be assigned to Bicheno or its nominee.
- The Liquidators agree to discontinue the S588FE proceedings against RAHPL and DSG.

He also noted that part of the negotiations had included a potential settlement of the preference claim against a supplier.

The Chairperson provided his reasoning as to why he was recommending the proposed settlement with DSG and Bicheno.

Questions:

The Chairperson asked if there were any questions.

Mr Mastrantonis asked questions regarding the following matters:

- the proposed preference claim settlement
- Information on other preference claims
- The Liquidators' view on the financial position of DSG
- Which entity will be paying the settlement funds

The Chairperson provided confidential responses to these questions.

Resolution

There being no further questions, the Chairperson referred to the resolution contained in the notice of meeting dated 10 June 2014:

"The Committee of Inspection approve the Liquidators entering into a Deed of Settlement and related documents containing terms substantially to the effect of the terms detailed in Attachment 1 to the letter to the Committee of Inspection dated 10 June 2014."

There were four votes in favour of the resolution and the Chairperson declared the motion

carried on the voices.

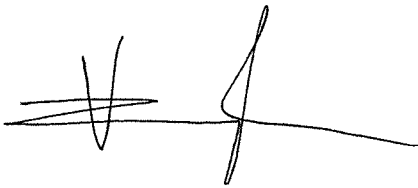
Any other business The Chairperson asked if there was any other business the Committee members wanted to discuss.

Mr Mastrantonis requested that it be noted in the minutes that he voted in favour of the resolution but had not had time to fully consider the proposed compromise of the preference claim.

No further matters were raised.

He advised that he would call a committee meeting following the mediation to provide the Committee with a summary of the discussions held and put any resolutions regarding a proposed settlement.

Closure of meeting The Chairperson thanked those in attendance and closed the meeting at 11.35am.

A handwritten signature in black ink, consisting of a stylized 'V' followed by a long horizontal line that ends in a small loop.

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Vaughan Strawbridge
Chairperson
Dated: 1 July 2014