

TO THE CREDITOR AS ADDRESSED

27 April 2017

Dear Sir/Madam

RETAIL ADVENTURES PTY LIMITED (IN LIQUIDATION)
ACN 135 890 845
(the Company)

I refer to my appointment as Joint & Serval Joint and Several Liquidator of the above company on 3 February 2014.

A further 12 month period has expired since the last Annual Meeting held on 3 May 2016. In the interest of minimising cost, I have elected not to convene a meeting of the creditors under Section 508(1)(b)(i) of the Corporations Act 2001 (the Act). I have, however, prepared and lodged with ASIC a Report pursuant to Section 508(1)(b)(ii) of the Act setting out the following: -

- (a) an account of my acts and dealings and the conduct of the winding up;
- (b) a description of the acts and dealings that remain to be carried out in order to complete the winding up; and
- (c) an estimate of when the winding up is likely to be completed.

Attached is a copy of the 2017 Annual Report to Creditors prepared pursuant to Section 508 (1)(b)(ii) of the Act.

Should you have any further queries in this matter, please contact Lyn Au of this office on (02) 8260 4449 or by email to retailadventures@deloitte.com.au.

Yours faithfully



Vaughan Neil Strawbridge
Joint and Several Liquidator

Encl

Retail Adventures Pty Ltd (in Liquidation) ACN 135 890 845 (the Company, RAPL)

Annual Report to Creditors dated 27 April 2017

1 Key Messages

This annual report to creditors sets out key actions and updates on the liquidation since our last report dated 14 April 2016 (2016 Annual Report to Creditors). This update should be read in conjunction with our previous reports and circulars to creditors, which can be found at <http://www2.deloitte.com/au/en/pages/finance/articles/retail-adventures.html>.

1.1 Return to creditors

The final total return to unsecured creditors is estimated to be approximately 17.44 cents the dollar.

It is calculated as follows:

Dividend declaration date	Estimate c/\$
5 June 2015	10.54
27 November 2015	2.25
Estimated future dividend	4.65
Estimated total dividend	17.44

We note that the estimated final dividend of 17.44 cents in the dollar is a significant improvement on the estimated range of 14.39 to 15.32 cents in the dollar as presented in the 2016 Annual Report to Creditors.

The ultimate quantum will depend upon the receipt of the final settlement funds from the Preference Proceedings (legal action in the Supreme Court of New South Wales against 18 creditors), final costs of the liquidation, potential claims by other creditors to funds held in the liquidation and costs of dealing with these claims.

Please refer to sections 2 and 3 for further details.

1.2 Future actions

The following matters are required to be resolved before the liquidation can end:

- Finalisation of Preference Proceedings – collection of settlement funds
- Finalisation of public liability claims on foot
- Determination of all proofs of debt and any appeal thereof, and thereafter, a final payment of dividend to unsecured creditors.

Please refer to section 2 and 3 for further details.

1.3 Recoveries

We are currently holding approximately \$6.7 million in funds, with approximately \$5.1 million being held on term deposit. Since our appointment we have settled the following potential legal claims:

Legal Claim	Recoveries (\$'000s)	Report Reference
Voidable Security Claim	3,950	Refer to 2016 and 2015 Annual Reports to Creditors
Insolvent Trading Claim	12,500	Refer to 2016 and 2015 Annual Reports to Creditors
Preference Payments	8,504	Section 2.1
Total	24,954	

All settlements we negotiated in the above claims required the parties involved not to claim for a distribution in the liquidation. This has reduced the creditor pool by approximately \$60.7 million.

2 Update on the liquidation

2.1 Preference Proceedings and recoveries

As creditors are aware during the Voluntary Administration period our investigations identified approximately \$50 million in payments made by RAPL to creditors as potentially preferential in nature pursuant to S588FA of the Act. The result of these payments is that these creditors received more than they would have received from the Company if the payments were set aside and the creditors were to prove in the liquidation. The Act empowers liquidators to take legal action to recover these payments.

As set out in the 2016 Annual Report to Creditors, in July 2015, the Liquidators applied to the Court to conduct public examinations of a number of Preference Creditors. The purpose of the public examinations was to enable us to make an informed decision on whether to commence proceedings against those creditors identified as receiving preference payments. We examined representatives of 14 creditors over seven days. As part of the process, creditors were also required to produce documents regarding their business dealings with RAPL.

In October 2015 we commenced legal action in the Supreme Court of New South Wales against 18 creditors (Preference Proceedings).

As at the date of our 2016 Annual Report to Creditors the next step in the Preference Proceedings was for the Liquidators to file their evidence in chief regarding the insolvency of RAPL by 10 June 2016 with the matter listed for further directions on 20 June 2016.

Given the large volume of information and evidence available to the Liquidators to prove the insolvency of RAPL, with the consent of the remaining defendants to the Preference Proceedings a short extension to 15 July 2016 was sought and granted to the Liquidators to serve their evidence in chief, with the next directions hearing set down for 1 August 2016. This directions hearing was subsequently adjourned to 29 August 2016 to allow the remaining defendants time to consider the evidence regarding insolvency served by the Liquidators.

At the directions hearing held on 29 August 2016 all defendants conceded that RAPL was insolvent during the relation back period and as such there would be no need for a separate hearing on the question on the insolvency of RAPL. The matter was adjourned to 5 September 2016 to allow for the remaining defendants to agree a timetable for the preparation of evidence in respect of the good faith defence aspect of each of the Defendants particular circumstances.

As reported in the 2016 Annual Report to Creditors, seven claims had been settled with 11 defendants active in the Preference Proceedings as at the date of that report. In the period since the 2016 Annual Report to Creditors though to the 5 September 2016 directions hearing the Liquidators continued with settlement discussions with a number of the preference creditors which resulted in the settlement of a

further four claims. Following the directions hearing on 5 September 2016 only seven defendants remained active in the Preference Proceedings.

At the directions hearing on 5 September 2016 the Court ordered that the remaining seven defendants enter into Mediation with the Plaintiffs. Five mediations took place during November 2016 and one in December 2016, with the claims being settled between the parties at mediation. The mediation scheduled for December 2016 did not proceed as an agreement to settle the preference claim was achieved prior to mediation. The preference claim against the final defendant has since been discontinued having considered the impact of commercial, legal and jurisdictional issues that would be evident should the claim continue to be pursued.

A number of the settlements achieved through the mediation process included payment of the settlement sum by way of instalments. We expect all settlement funds will be received in full by mid-July 2017.

Total amount achieved in the settlement of preference claims is \$8.5m.

2.2 Public liability claims

The Liquidators are currently aware of two public liability claims that are on foot and being dealt with by the insurers on behalf of RAPL. If RAPL is ultimately found to be liable in respect of these alleged incidents, an unsecured claim will arise in the liquidation for any portion of a settlement or judgement amount that is not covered by the insurer. We note that the excess of the insurance policy is \$50,000 per claim and as such any unsecured claim would be capped at \$50,000, with any amount above this covered by the insurer.

2.3 Distributions to unsecured creditors

Two interim dividends have been paid to date totalling 12.79 cents in the dollar.

A final dividend is intended and estimated to be approximately 4.65 cents in the dollar. Once the final settlement funds have been received (expected mid-July 2017) it is our intention to declare a third and final dividend to creditors.

2.4 Next Steps

Based on the current information available to us, our estimated timetable for future work to finalise the liquidation includes:

- Mid-July 2017: Receipt of final settlement funds from preference creditors
- September 2017: Finalisation of public liability claims
- December 2017: Payment of a final dividend

Therefore we anticipate the liquidation will continue for a further 12 months.

3 Updated Estimated Statement of Position (ESOP)

Set out below is the updated ESOP of RAPL as at 31 March 2017:

\$	Notes	Current Position	Estimated Future Recoveries & Costs	Estimated Total
ESTIMATED RECOVERIES				
Cash at bank		1,067,587		1,067,587
Proceeds from sale of business/S588FE		3,950,000	-	3,950,000
Preference recoveries	a.	8,354,006	150,000	8,504,006
Insolvent trading		12,500,000	-	12,500,000
Legal cost recovery - 564 Application		195,145	-	195,145
Other realisations		1,565,092	-	1,565,092
Total realisations		27,631,831	150,000	27,781,831
ESTIMATED COSTS				
Liquidators' remuneration incurred to date	b.	(3,553,882)	(805,185)	(4,359,067)
Liquidator's estimated future fees		-	(450,000)	(450,000)
Liquidators' disbursements		(102,512)	(46,553)	(149,065)
Other costs	c.	(817,219)	(50,000)	(867,219)
IT Costs	c.	(261,827)	(41,989)	(303,815)
Post Appointment public liability claims		-	-	-
Legal fees and disbursements	d.	(3,703,674)	(75,000)	(3,778,674)
600A application costs		(603,687)	-	(603,687)
Recovery of legal fees		1,050,000	-	1,050,000
Total costs		(7,992,801)	(1,468,726)	(9,461,527)
Distributions				
Dividend to Unsecured Creditors	e.	(12,891,521)	(533,499)	(13,425,019)
Total Distributions to date		(12,891,521)	(533,499)	(13,425,019)
Surplus available for future distribution				
		6,747,509		4,895,284
Priority creditors				
	f.	(20,762)	-	(20,762)
Surplus available to distribute to all creditors				
		6,726,747		4,874,522
Creditor claims				
Landlord/Agent	g.			45,648,405
IMF Landlord/Agent				4,039,130
Unsecured creditors				27,783,522
Public Liability				411,589
IMF Creditor				22,293,323
Preference - claiming				41,181
Preference - Unsecured				453,214
ATO Bad Debt Adjustment				3,610,794
Contingency on previously rejected claims				460,424
Contingency for Public Liability Claims				100,000
Total creditor claims				104,841,581
Dividend to unsecured creditors (¢ in \$)				
	h.			4.65

Notes to estimated statement of position:

- Preference recoveries:** \$8.35 million has been recovered to date from negotiated preference settlements. Future estimated amounts recoverable relates to the remaining balance of settlement funds to be received by instalment as discussed in Section 2.1.
- Estimated Liquidators' remuneration:** The amount included represents the estimated cost to complete the payment of a final dividend, costs to complete the ongoing statutory tasks required in the liquidation and costs to finalise the liquidation.

- c. Estimated other costs: Estimated other costs include IT costs including data room and ringtail hosting, postage and printing, and other costs to finalise the liquidation.
- d. Estimated legal fees and disbursements: The estimated legal costs and disbursements represent the estimated cost in dealing with any residual issues that arise from the preference proceedings, estimated costs in dealing with the adjudication of creditor claims and estimated legal costs in relation to dealing with the public liability claims.
- e. Dividend to Unsecured Creditors: The estimated future dividend to unsecured creditors relates to the catch up dividend payable on the ATO adjusted claim (see point g. below), the estimated dividend on the public liability claims still being dealt with and the estimated value of potential creditor claims where creditors have not yet submitted a formal proof of debt.
- f. Priority Creditors: This amount represents the actual dividend paid to a former employee of RAPL.
- g. Creditor claims: The estimated future creditor claims consists of creditors whose claims have been adjudicated and an estimated value of potential creditor claims where creditors have not yet submitted a formal proof of debt.

The ATO has lodged a formal proof of debt in the amount of \$3.5 million. We are required to make an adjustment to their claim based on the portion of GST in admitted formal proofs of debt. The estimate provided of \$3.61 million represents the adjustment, however, the final amount owed to the ATO will be dependent upon the final calculation of GST on admitted unsecured formal proofs of debt.

- h. Dividend to Unsecured Creditors: The final dividend is expected to be approximately 4.65 cents in the dollar of admitted claims.

This amount is in addition to the dividend already paid to unsecured creditors totalling 12.79 cents in the dollar. As such it is estimated that the total final dividend to unsecured creditors will approximately 17.44 cents in the dollar.

The final amount payable is an estimate only and will be subject to the value of all creditor claims received up to the date of the Liquidator's declaration of final dividend to creditors. A significant number of creditors who submitted informal claims during the Voluntary Administration have not submitted formal proofs of debt in the liquidation. If these creditors submit claims before payment of a final dividend, and their claims are determined to be valid these creditors would be entitled to receive 'catch-up' payments for interim dividends previously paid to other creditors.

4 Receipts and Payments

Detailed below is a summary of the receipts and payments for the liquidation period to 31 March 2017 inclusive:

3 February 2014 to 31 March 2017	\$
RECEIPTS	
Transfer balance from Voluntary Administration	1,214,217
Bank Interest	684,254
DSG Licence Fee	574
Legal settlement	17,695,145
Payroll Tax Refund	10,236
Return of pre-appointment term deposit	52,582
Settlement of Preferences	8,354,006
Sundry income	158,501
Sundry refunds	91,299
Superannuation	1,972
GST payable	9,187
GST clearing account	899,999
TOTAL RECEIPTS	29,171,973
PAYMENTS	
Administrators' Expenses	98,396
Administrators' Remuneration	96,537
Liquidators Remuneration	3,553,882
Liquidators Expenses	102,512
Dividend to Unsecured Creditors	12,891,521
Bank Charges	1,172
Electricity, gas and water	13,033
Hire of Meeting Room	1,155
IT service suppliers	277,761
Legal Fees	3,907,421
Legal Settlement	611,697
Postage and printing	57,785
Rent Paid	11,848
Employee Entitlements	20,762
Sundry Expenses	307
Withholding Tax (PAYG)	(6,482)
GST Receivable	805,922
TOTAL PAYMENTS	22,445,226
CASH AT BANK	6,726,747

Section 508(3) of the Act requires the Liquidator to provide an account of the liquidation for the 12 month anniversary period. Attached at Annexure A is a summary of the Liquidators' receipts and payments for the 12 month period from 3 February 2016 to 2 February 2017.

5 Distribution of funds to creditors

Two interim dividends of 10.54 cents in the dollar on 5 June 2015 and 2.25 cents in the dollar on 27 November 2015, for a total of 12.79 cents in the dollar, have been paid to date.

As noted above a number of Preference Proceeding settlements are to be paid by instalments. Receipt of final settlement funds are expected to be received by mid-July 2017. Once the final settlement funds have been received it is our intention to declare a third and final dividend to creditors.

Detailed information on how to lodge a claim in this liquidation can be found in our circular to creditors dated 24 September 2015. Alternatively, please email retailadventures@deloitte.com.au to request further information on the status of your claim.

6 Committee of Inspection

At a meeting of creditors held on 11 March 2014, a resolution was passed appointing the creditors listed in the table below to be on the Committee of Inspection (COI). Four members have subsequently resigned and two members remain.

We are seeking nominations from creditors to join the COI. Any creditors seeking to volunteer for a committee member position should email retailadventures@deloitte.com.au.

Creditor	Representative	Status
Helenic Pty Ltd ATF Mastrantonis Family Trust	Nick Mastrantonis	Current
JFK Group Company Limited	Fiona Goh	Current
PMP Print Pty Ltd T/A PMP Distribution	Verica Pavlovska	Resigned December 2015
Bicheno Investments Pty Ltd	Wendy Jacobs (subsequently replaced by Dominic Calabria of Bridges Lawyers)	Resigned June 2014
Gummie Pty Ltd T/A Group Building	Michael Giannak	Resigned September 2014
Mr. Fothergill's Seeds Pty Ltd	Tina Shur	Resigned January 2015

COI meetings were held on 27 March 2014, 15 May 2014, 11 June 2014, 29-30 July 2014, 27 February 2015 and 24 August 2015 and an update on the liquidation was provided at each meeting.

7 Remuneration

As previously advised our remuneration as Liquidators is based on the firm's hourly rates which have been set out in prior reports to creditors, including the 2016 Annual Report to Creditors.

At the Annual General Meeting for the Company held on 3 May 2016 creditors' approval was sought for the Liquidators' fees for the period 1 July 2015 to 31 March 2016 and for future fees for the period from 1 April 2016 to 31 December 2016. I advise that creditor's approval for these fees was obtained.

The table below provides a summary of fees approved for the period of the liquidation:

Period	Remuneration Report Date	Date Approved	Approved by	\$
3 February 2014 - 14 March 2014	20 March 2014	27 March 2014	COI	246,485
15 March 2014 - 30 April 2014	25 July 2014	30 July 2014	COI	310,562
1 May 2014 - 31 May 2014	25 July 2014	30 July 2014	COI	185,165
1 June 2014 - 31 January 2015	24 February 2015	24 February 2015	COI	1,157,325
1 February 2015 - 30 June 2015	12 August 2015	12 August 2015	COI	1,554,346
1 July 2015 - 31 March 2016	14 April 2016	3 May 2016	Creditors at AGM	443,543
1 April 2016 - 31 December 2016*	14 April 2016	3 May 2016	Creditors at AGM	353,558
Total				4,250,982

*Future Fee approval

We trust that creditors find this report informative and useful. In the event that you have any queries regarding the contents of this report, or the liquidation in general, please do not hesitate to contact Lyn Au of this office on 02 8260 4449 or retailadventures@deloitte.com.au.

Yours faithfully



Vaughan Strawbridge
Joint and Several Liquidator

Definitions

2016 Annual Report to Creditors	Report to creditors dated 14 April 2016 (pursuant to section 508(1)(b)(i) of the Corporations Act 2001)
2015 Annual Report to Creditors	Report to creditors dated 30 April 2015 (pursuant to section 508(1)(b)(ii) of the Corporations Act 2001)
k / \$'000	Thousands of dollars
m	Millions of dollars
Administrators	Mr Vaughan Strawbridge, Mr David John Frank Lombe and Mr John Lethbridge Greig appointed on 26 October 2012
AGM	Annual general meeting
Company / RAPL	Retail Adventures Pty Ltd (in Liquidation) ACN 135 890 845
Deloitte	Deloitte Touche Tohmatsu
ESOP	Estimated Statement of Position
GST	Goods and Services Tax
Liquidators	Mr Vaughan Strawbridge, Mr David John Frank Lombe and Mr John Lethbridge Greig appointed on 3 February 2014
NSW	New South Wales
Preference Proceedings	Proceedings 2015/311073 commenced in the Supreme Court of New South Wales on 23 October 2015 against 18 creditors identified as potentially receiving payments in priority to other creditors. The application was made under S588FA, S588FB, S588FC, S588FE and S588FF of the Corporations Act.
the Act	Corporations Act 2001 (Cth)
the Court	The Federal Court of Australia or any of the state Supreme Courts

SUMMARY OF THE LIQUIDATORS' RECEIPTS AND PAYMENTS FOR THE 12 MONTH PERIOD
FROM 3 FEBRUARY 2016 TO 2 FEBRUARY 2017

	\$
CASH AT BANK AS AT 3 FEBRUARY 2016	6,524,551
RECEIPTS	
Bank Interest	128,737
Return of pre-appointment term deposit	52,582
Settlement of Preferences	1,362,000
Sundry income	372
TOTAL RECEIPTS	1,543,692
PAYMENTS	
Liquidators Remuneration	595,025
Dividend to Unsecured Creditors	49,806
Bank Charges	336
IT service suppliers	90,463
Legal Fees	706,664
Postage and printing	10,940
GST Receivable	(99,946)
TOTAL PAYMENTS	1,353,288
CASH AT BANK AS AT 2 FEBRUARY 2017	6,714,954