

CIRCULAR TO ALL CREDITORS AND EMPLOYEES

21 February 2013

Dear Sir/ Madam

**Re: 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”)**

I refer to the appointment of David John Frank Lombe, John Lethbridge Greig and I as Joint and Several Administrators of RAPL on 26 October 2012 and RAHPL on 7 November 2012, pursuant to Section 436A of the *Corporations Act 2001* (“the Act”). This circular has been prepared further to the circular to creditors and employees dated 12 February 2013.

As you are aware the Administrators applied to the Federal Court of Australia for a further extension of the convening period for the second meeting of creditors for a period of 180 days. The application was heard in the Federal Court of Australia on Wednesday 20 February 2013 and the Court granted orders to extend the convening period to 26 August 2013.

As stated in the circular to creditors dated 12 February 2013, there are compelling reasons to further extend the convening period by 180 days. In particular:

- The extension is a condition of the sale to DSG Holdings Australia Pty Limited (DSG)
- The sale of the business is for the best price achievable and substantially better than a close down scenario.
- The sale preserves creditors’ rights via a liquidator to challenge the security position and other potential claims/actions. It also:
 - reduces the potential liability to landlords and employees and consequently the size of the creditor pool through the mitigation of lease liabilities and transfer of employment
 - secures ongoing employment for up to 4,700 people
 - Ensures continuity of supply to customers and trade with key suppliers
 - Satisfies the objectives of the administration provisions of the *Corporations Act* by enabling the business to continue in existence
 - Enables us to complete our investigations so that our conclusions in relation to potential claims can be included in our report to creditors for the second meeting

Under the terms of the court order the second meeting of creditors must be held by no later than five business days after the end of the convening period which means the second meeting of creditors must be held on or before 2 September 2013.

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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

One of the reasons for the length of the extension is to enable the transition of the business, leases and employees to the purchaser. In the event this can be achieved in a shorter time period, we will seek to convene the meeting earlier.

Creditor objections to the application for a further extension of the convening period

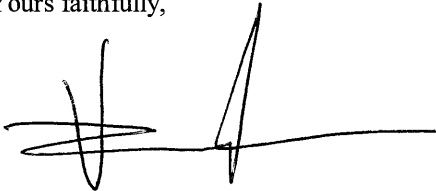
Two creditors were represented in court. One creditor, a landlord, was heard but did not raise any objections to the application. The other creditor objected to the application and also submitted an affidavit which contained an annexure of emails from other creditors who supported this objection. I further note that the Administrators had received written notification from 6 creditors who objected to the application. These were also brought to the Court's attention.

However, despite the above objections, the Court determined that it was appropriate to grant the further extension of the convening period.

We will provide further notice to you regarding the time, date and location of the second meeting of creditors in due course. A copy of the court order is available on our website at www.deloitte.com/au/retailadventures.

Should you have any questions in relation to this matter, please contact Teresa Chan of this office on (02) 9322 3834 or by email at terchan@deloitte.com.au.

Yours faithfully,

A handwritten signature in black ink, consisting of a stylized 'V' and 'S' followed by a horizontal line.

Vaughan Neil Strawbridge
Joint and Several Administrator