

## TO CREDITORS AND SUPPLIERS

29 October 2012

Dear Sir/Madam

**RETAIL ADVENTURES PTY LIMITED  
(ADMINISTRATORS APPOINTED)  
ACN 135 890 845  
("the Company")**

John Lethbridge Greig, David John Frank Lombe and I were appointed Joint Administrators of the Company on 26 October 2012 pursuant to Section 436A of the *Corporations Act 2001*. We have commenced an urgent assessment of the financial position of the Company.

Please note that we will not accept liability for payment for any goods or services supplied without the authority of the specified authorised signatories, whose names and specimen signatures are shown on the schedule enclosed.

### **Licence agreement**

The Administrators have agreed for the majority (237 stores) currently trading as Sam's Warehouse and Crazy Clark's to be operated under a licence agreement ("the licence agreement") with DSG Holdings Australia Pty Ltd.

These stores will continue to trade under licence with DSG Holdings Australia Pty Ltd. Please note that neither the Company nor the Administrators are responsible for any orders placed by DSG Holdings Australia Pty Limited.

For the continuation of supply to DSG Holdings Australia Pty Limited please use the existing contact details you have for staff of the Company or contact DSG Holdings Australia Pty Ltd at:

DSG Holdings Australia Pty Limited  
The Binary Centre  
Tower 0  
3 Richardson Place  
North Ryde NSW 2113  
Ph: +61 2 8898 7777

New purchase orders will be provided for any continued supply from DSG Holdings Australia Pty Limited.

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](http://www.deloitte.com/au/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

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Member of Deloitte Touche Tohmatsu Limited

## **Stores not subject to the licence agreement**

There are approximately 32 stores that do not form part of the licence agreement. The Administrators will trade some of these stores and are in the process of assessing the situation.

Would you please open a new account styled "Retail Adventures Pty Limited (Administrators Appointed)", and charge future authorised orders from the Administrators to that account.

This account will be paid in accordance with your usual terms of credit provided that any security interests you have with the Company prior to our appointment will not apply to collateral supplied as part of transactions on this new account unless specifically agreed to by us in writing and made the subject of a separate registration of the security interest on the Personal Property Security Register.

If there are any outstanding or uncompleted orders placed by the Company prior to our appointment, please contact Teresa Chan of this office to obtain written instructions concerning the order.

## **Meeting of Creditors**

I am required to convene a first meeting of creditors within 8 business days following my appointment. Accordingly, I enclose the following:

1. Notice of Meeting of Creditors (the "first meeting") to be held on 7 November 2012 at: Sofitel Wentworth Sydney, 61-101 Phillip Street, Sydney NSW 2000; and Sofitel Melbourne, 25 Collins Street, Melbourne VIC 3000; and Cliftons Brisbane, 288 Edward Street, Brisbane QLD 4000.
2. Informal Proof of Debt for Voting Purposes.
3. Instrument of Proxy.
4. A Declaration of Independence / Indemnities & Relevant Relationships for the purposes of Section 436DA of the Act.
5. ASIC/IPA Information Sheet.
6. Remuneration Proposal.

The effect of our appointment is to place a moratorium on the payment of unsecured creditors' accounts in relation to trading and other debts incurred up to the date of our appointment, until creditors make a decision about the future of the Company. Creditors with security interests including retention of title creditors will have their entitlements determined in accordance with relevant processes under applicable law.

## **Intention to extend convening period**

At present, we intend to make a court application to extend the convening period:

1. To allow the Administrators sufficient time to review the Company's information with a view to assessing whether the licence agreement should be continued
2. To consider whether a Deed of Company Arrangement ("DOCA") is able to be put to creditors

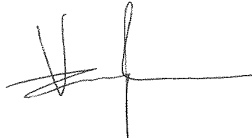
3. To allow us, as Administrators, to properly consider any sale of the part of the business subject to the licence agreement, which might include an offer to creditors in the form of a DOCA.

We will allow an opportunity at the meeting to discuss the above and allow creditors to provide their comments.

We will place a notice on our website by 9 November 2012 detailing when this application will be heard by the Court. Following is a link to our website where notices in respect to the Company will be posted at [www.deloitte.com/au/retailadventures](http://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](mailto:terchan@deloitte.com.au).

Yours faithfully

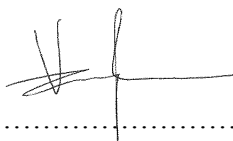
A handwritten signature in black ink, appearing to read 'V. Strawbridge', with a horizontal line extending to the right.

**Vaughan Neil Strawbridge**  
Joint and Several Administrator

Encl.

**RETAIL ADVENTURES PTY LIMITED  
(ADMINISTRATORS APPOINTED)  
ACN 135 890 845**

**Authorised signatories**



.....  
Vaughan Strawbridge  
Partner



.....  
Jason Tracy  
Partner



.....  
Phil Hollinshead  
Director



.....  
Dan Rose  
Manager

CORPORATIONS ACT 2001  
*Section 436E*

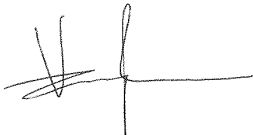
NOTICE OF FIRST MEETING OF  
CREDITORS OF COMPANY UNDER ADMINISTRATION

RETAIL ADVENTURES PTY LIMITED  
(ADMINISTRATORS APPOINTED)  
ACN 135 890 845  
("the Company")

1. On 26 October 2012 the Company under section 436A appointed Vaughan Neil Strawbridge, David John Frank Lombe and John Lethbridge Greig of Deloitte Touche Tohmatsu, Grosvenor Place, 225 George Street, Sydney NSW 2000 as the Joint and Several Administrators of the Company.
2. Notice is now given that a meeting of the creditors of the Company will be held on Wednesday 7 November 2012 at 11:00am AEDT at the following addresses:
  - a. Sofitel Wentworth Sydney, 61-101 Phillip Street, Sydney NSW 2000 (11:00am AEDT);
  - b. Sofitel Melbourne, 25 Collins Street, Melbourne VIC 3000 (11:00am AEDT); and
  - c. Cliftons Brisbane, 288 Edwards Street, Brisbane QLD 4000 (10:00am AEST).
3. The purpose of the meeting is to determine:
  - a. whether to appoint a committee of creditors; and
  - b. if so, who are to be the committee's members.
4. At the meeting, creditors may also, by resolution:
  - a. remove the Joint Administrators from office; and
  - b. appoint someone else as Administrator of the company.
5. Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532.

A specific proxy can be lodged showing approval or rejection of each resolution. Proxy forms or facsimiles thereof must be lodged with our office **by 4.00pm on the day prior to the meeting**. Where a facsimile copy of a proxy is sent, the original must be lodged with my office within 72 hours after receipt of the facsimile. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairman of the meeting, prior to the commencement of the meeting.

DATED this 29th day of October 2012.



VAUGHAN NEIL STRAWBRIDGE  
ADMINISTRATOR

Deloitte Touche Tohmatsu  
Grosvenor Place  
225 George Street  
SYDNEY NSW 2000

Telephone: (02) 9322 7000

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

RETAIL ADVENTURES PTY LIMITED  
(ADMINISTRATORS APPOINTED)  
ACN 135 890 845

Name of creditor: .....

Address of creditor: .....

ABN: .....

Telephone number: .....

Amount of debt claimed: \$.....(including GST \$.....)

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

.....  
.....  
.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....  
.....  
.....

Other information:

.....  
.....

.....  
Signature of Creditor  
(or person authorised by creditor)

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**Notes:**  
Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):  
a. his or her claim has been admitted, wholly or in part, by the Joint Administrators; or  
b. he or she has lodged with the Joint Administrators particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Joint Administrators.

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY  
CREDITORS MEETING

RETAIL ADVENTURES PTY LIMITED  
(ADMINISTRATORS APPOINTED)  
ACN 135 890 845

\*I/\*We (1) .....  
of.....  
a creditor of Retail Adventures Pty Limited, appoint (2) .....  
.....  
or in his or her absence .....  
as \*my/our \*general/special proxy to vote at the meeting of creditors to be held on 7 November 2012, or at  
any adjournment of that meeting.(3)

DATED this                      day of                      2012.

\_\_\_\_\_  
Signature

CERTIFICATE OF WITNESS

*This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.*

I, ..... of .....  
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

\*     Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.
- (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

## Declaration of Independence, Relevant Relationships and Indemnities

**Retail Adventures Pty Limited  
(Administrators Appointed)  
ACN 135 890 845  
(“the Company”)**

This document requires the Practitioners appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
  - (i) the circumstances of the appointment;
  - (ii) any relationships with the Insolvent and others within the previous 24 months;
  - (iii) any prior professional services for the Insolvent within the previous 24 months;
  - (iv) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, our partners and Deloitte Touche Tohmatsu (“Deloitte”).

### **A. Independence**

We, Vaughan Neil Strawbridge, David John Frank Lombe and John Lethbridge Greig of Deloitte have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Administrators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

### **B. Declaration of Relationships**

#### **i. Circumstances of appointment**

On 24 October 2012, the Company’s lawyer, Ms Wendy Jacobs of Dibbs Barker, contacted Mr Vaughan Strawbridge requesting a Consent to Act in the capacity as voluntary administrators on behalf of the Company.

Vaughan Strawbridge met with Mr Hodgkinson, an independent advisor to the Company, and Wendy Jacobs of Dibbs Barker, on 28 September, 8, October, 18 October and 24 October 2012. John Greig also attended the 8 October 2012 meeting. These meetings were in the nature of pre-appointment discussions and were limited to discussing the financial position of the Company. During these meetings no advice was given,



discussions were limited to the potential options available. Prior to these meetings, we had no dealings with the Company or its directors.

It is our opinion that these meetings do not present a conflict or impediment as we do not consider ourselves to be bound to provide services to this entity in relation to this matter or in any way obligated to deliver a favourable outcome to any party, nor will the advice provided be subject to review and challenge during the course of the voluntary administration. The Courts and the IPA's Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment.

We have been in discussion with the Company's advisor and lawyers since 18 October 2012 and met with them again on 25 and 26 October 2012 regarding a licence agreement which will result in an associated company being able to operate a portion of the Company's stores. This will protect the Company from incurring any trading losses and appears at this juncture to be in the best interests of creditors. We have ensured that we have the ability to terminate the licence agreement if it is no longer in the best interests of creditors.

We received no remuneration for attending these meetings or discussing the licence to operate.

## ii. Relevant Relationships (excluding Professional Services to the Company)

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons why not an impediment or conflict
Damien Hodgkinson	Independent adviser to the Company and referrer of the appointment	We do not have any referral arrangement with Mr Hodgkinson. No commissions, inducements or benefits have been obtained by Mr Hodgkinson in respect to this appointment. There is no arrangement with Mr Hodgkinson that we will provide any referral work to him. There is no relationship with Mr Hodgkinson which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.
Dibbs Barker	Lawyers for the Company	We have undertaken a number of appointments which have been referred to Deloitte by Dibbs Barker in the normal course of business. We are not paid any commissions, inducements or benefits by Dibbs Barker to undertake any appointments. There is no arrangement between us and Dibbs Barker that we will give any work arising out of the Administration to

		Dibbs Barker. There is no relationship with Dibbs Barker which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.
ANZ Fiduciary Services Pty Ltd (“the Bank”) part of the ANZ banking group	<p>The Bank hold a fixed and floating charge over the whole of the property of the Company’s parent, Retail Adventure Holdings Pty Limited</p> <p>We have undertaken a number of formal insolvency and advisory engagements on behalf of the ANZ banking group in the usual course of business.</p> <p>Deloitte and its staff have provided and continue to provide a range of services to the ANZ banking group including consulting, taxation, risk mitigation, audit and assurance, valuation and forensic services.</p>	<p>We have never undertaken any work for the Bank in respect of the Company.</p> <p>We do not consider previous formal insolvency and advisory engagements accepted on behalf of the ANZ banking group to present a conflict as there is no connection between these engagements and the Company.</p> <p>The provision of consulting, taxation, risk mitigation, audit and assurance, valuation and forensic services to the ANZ banking group brings about a commercial relationship that in our opinion does not present a conflict or impediment as it does not impact upon the position of the Company.</p> <p>We are not paid any commissions, inducements or benefits to undertake any engagements with the ANZ banking group and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party.</p> <p>Therefore there is no relationship with the ANZ Banking group which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.</p>

**iii. Prior Professional services to the Insolvent**

Neither we, nor our firm, have provided any professional services to the Company in the previous 24 months.

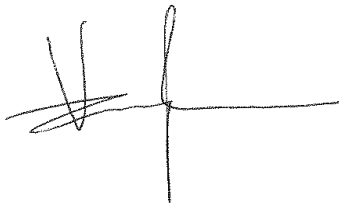
**iv. No other relevant relationships to disclose**

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially whole of the Company’s property that should be disclosed.

## C. Indemnities and up-front payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

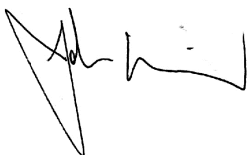
Dated: 29 October 2012



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Vaughan Neil Strawbridge



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David John Frank Lombe



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John Lethbridge Greig

### Note:

1. If circumstances change, or new information is identified, we are required under the Corporations Act and the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.



## **Deloitte Touche Tohmatsu**

## **ASIC/IPA Information sheet for**

**Retail Adventures Pty Limited  
(Administrators Appointed)  
ACN 135 890 845**

### **Insolvency information for directors, employees, creditors and shareholders**

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

#### **List of information sheets**

- Insolvency: a glossary of terms
- Voluntary administration: a guide for creditors
- Voluntary administration: a guide for employees
- Liquidation: a guide for creditors
- Liquidation: a guide for employees
- Receivership: a guide for creditors
- Receivership: a guide for employees
- Insolvency: a guide for shareholders

- Insolvency: a guide for directors
- Independence of external administrators: a guide for creditors
- Approving fees: a guide for creditors

**Important note:** The information sheets contain a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

## Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at [www.asic.gov.au/insolvencyinfosheets](http://www.asic.gov.au/insolvencyinfosheets). The information sheets are also available from the IPA website at [www.ipaa.com.au](http://www.ipaa.com.au). The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

January 2008

**Retail Adventures Pty Limited  
(Administrators Appointed)  
ACN 135 890 845**

**Remuneration Proposal**

**Remuneration Methods**

There are four basic methods that can be used to calculate the remuneration charged by an Insolvency Practitioner. They are:

**1. Time based / Hourly rates**

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

**2. Fixed Fee**

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.

**3. Percentage**

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

**4. Contingency**

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

**Method Chosen**

Given the nature of this administration, I propose that my remuneration be calculated on the time based / hourly rates method. In my opinion, this is the fairest method for the following reasons:

- We will only be paid for work done, subject to sufficient realisations of the company assets or, if there are insufficient assets realised, to the indemnity provided to me (please refer to my Declaration of Independence, Relevant Relationship and Indemnities attached to my first Report to Creditors dated 29 October 2012).
- It ensures creditors are only charged for work that is performed. Our time is recorded and charged in six minute increments and staff are allocated to duties according to their relevant experience and qualifications.
- We are required to perform a number of tasks which do not relate to the realisation of assets, e.g. responding to creditor enquiries, reporting to the ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration.

## Explanation of Hourly Rates

The rates for our remuneration calculation are attached together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

<b>Title</b>	<b>Description</b>	<b>Hourly Rate (excl GST)</b>
<b>Appointee</b>	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$ 625.00
<b>Partner</b>	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$ 625.00
<b>Director/ Consultant</b>	Typically CA or CPA qualified with in excess of 8 years' experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.	\$ 525.00
<b>Manager</b>	Typically CA or CPA qualified with 6 to 8 years' experience working on insolvency matters. Will have experience conducting administrations and directing a number of staff.	\$ 420.00
<b>Senior Analyst</b>	Typically completed or near completion of CA or CPA qualifications with 4 to 6 years insolvency experience. Assists in planning and control of smaller matters as well as performing some more difficult tasks on larger matters.	\$ 320.00
<b>Analyst</b>	Typically studying towards CA or CPA qualification with 2 to 4 years insolvency experience. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$ 250.00
<b>Graduate</b>	Junior staff member who has completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$ 195.00
<b>Secretary</b>	Advanced secretarial skills	\$ 185.00

Our best estimate for our remuneration of the cost of the administration to the second meeting of the creditors is \$200,000 per week, plus GST and disbursements.

Dated this 29<sup>th</sup> day of October 2012.



**VAUGHAN NEIL STRAWBRIDGE**  
**ADMINISTRATOR**