

FIRST COMMITTEE OF CREDITORS MEETING

**Retail Adventures Pty Ltd (Administrators Appointed)
("The Company")**

**Held at the Offices of Deloitte Touche Tohmatsu
Level 9 Grosvenor Place, 225 George Street, Sydney NSW 2000
On Tuesday, 13th November 2012 at 10.00 am (AEDT)**

This is the annexure of 5 page(s) marked referred to in the Form _____ signed by me/us and dated

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Signature

Present: Vaughan Strawbridge Administrator, Deloitte Touche Tohmatsu
Jason Tracy Partner, Deloitte Touche Tohmatsu
Phil Hollinshead Deloitte Touche Tohmatsu

In Attendance: The following committee members were in attendance in person or by phone:

#	Representative	Creditor	Attending?	By Phone/ In person?
1	Tina McGregor	Signet	Yes	Person
2	Chris Noel	TNW Australia Pty Ltd	Yes	Person
3	Errol Graham	Bronson Marketing Pty Ltd	Yes	Person
4	Tina Shur	Mr. Fothergill's Seeds Pty Ltd	Yes	Phone
5	Damien Hodgkinson	DSG Holdings Australia Pty Limited	Yes	Person
6	Matt Toner	National Union of Workers	Yes	Phone
7	Wayne Leslie	Basford Brands	Yes	Phone
8	Chris Kinden	Webb Distribution	Yes	Phone
9	Todd Horrell	Stockland Trust	Yes	Phone

Absentees: There were no absentees

Opening of Meeting: At 10.04am (AEDT) on Tuesday, 13 November 2012 Vaughan Strawbridge declared the meeting open.

Mr Strawbridge stated:

This is the First Committee of Creditors meeting of Retail Adventures Pty Limited (Administrators Appointed) that will be referred to as RAPL or the Company for the

period of the meeting.

Mr Strawbridge confirmed he was one of the Joint and Several Administrators of the Company. Joint and Several Administrators David Lombe and John Greig were not present and their apologies were passed on to the Committee.

Also in attendance were Jason Tracy (Partner at Deloitte) and Phil Hollinshead (Director at Deloitte) who have been assisting the Joint Administrators with the day-to-day carriage of the matter.

Mr Strawbridge asked the members present at the meeting if they had signed the attendance register. All attendees agreed.

For those members or dialled in by telephone, this was taken as confirmation of attendance.

Appointment of Chairperson:

Mr Strawbridge stated that Pursuant to Regulation 5.6.17(1) of the Corporations Regulations, he was the Joint and Several Administrator and therefore will occupy the Chair.

The Chairperson asked if there were any objections to him occupying the Chair?

There were objections.

Purpose:

The Chairperson proceeded to explain the purpose the meeting:

As you will be aware this meeting was called urgently and with limited notice solely for the purpose of:

1. Providing information to the Committee regarding the Administrators application to extend the convening period; and
2. To seek the committee's approval for said application

I anticipate calling a second meeting, with a full agenda, in late November or early December 2012, for the following purposes:

1. Provide the Committee members with an update on the Administration of the Company since the first meeting of creditors held on 7 November 2012; and
2. Consider any other questions or business the members of the Committee may have; and
3. Consider and if thought fit approve the Administrators Remuneration

Tabling of Documents:

The Chairperson stated:

I will take this opportunity to table the following documents:

- Notice of the Meeting of the Committee of Creditors dated 8 November 2012; and
- Statement in writing of posting of notice of meeting dated 8 October 2012 signed by Amy Parbery [correction: Terrence Law]

If there are no objections I will take the tabled documents as being read.

Are there any objections? There were no objections.

Time and Place of Meeting:

The Chairperson noted:

I have not received any objections that the time and place was not convenient for this meeting. Therefore pursuant to Regulation 5.6.14 of the Corporations Act 2001, I

declare that this meeting is being held at a time and place most convenient for the majority of persons entitled to receive notice of the meeting.

Quorum:

The Chairperson stated:

As a majority of members of the Committee of Creditors are present I declare in accordance with Regulation 5.6.16 of the Corporations Act 2001 of the Corporations Act 2001 that a quorum is present for the Committee of Creditors Meeting.

Voting on Resolutions:

The Chairperson advised that:

All motions are to be resolved on the voices, unless a poll is demanded (Regulation 5.6.19 and 5.6.20).

When a motion is called could those who are in favour of the motion call aye and those against nay. When voting please vote with your voice so I can clearly hear the voting.

There are options for creditors to demand a poll. At the time of voting on resolutions, if creditors require a poll or more information regarding a poll, please ask.

Confidentiality Obligations:

The Chairperson addressed the issue of the confidentiality of certain matters that may be discussed with the Committee of Creditors from time to time. He noted that Committee members should only disclose confidential information with the Creditors, Landlords or employees which they represent and also advise them of the confidentiality of the information.

Electronic Correspondence:

The Chairperson proposed the following resolution:

“That the Committee of Creditors, being the recipients’ of the Committee correspondence resolve and thus nominate that correspondence provided to them by the Administrators in accordance with their membership of the Committee of Creditors be sent to them by electronic means.”

All those in favour say aye. All those against say nay.

The Chairperson declared the motion carried unanimously and advised that correspondence sent electronically will continue to be subject to the confidentiality regime.

Purpose of the Committee

The Chairperson explained the purpose of the Committee pursuant to Section 436E of the Corporations Act.

Agenda:

The Chairperson stated the agenda for the meeting was limited solely to discuss the extension of the convening period of 90 days.

1. Purpose of the extension

The Chairperson explained the purpose of the extension of the convening period was to allow time:

- for the Administrators to run marketing campaign for the sale of business to see if there are any interested parties at an acceptable level; and
- Conduct investigations into the affairs of the company and any potential actions which may be available to a liquidator if one is subsequently appointed
- It also provides time for the Director or others to submit an offer to purchase the business or propose a DOCA.

The Chairperson then went on to explain the impact on all creditors:

- Secured creditor is supportive – allows time to restructure the business and propose a DOCA
- Employees – not disadvantaged
 - The Administrators are continuing to pay wages for the continuing staff
 - Continuation of as much as possible of the business provides the maximum amount of continued employment
 - Entitlements are being met – the Administrators have been put in funds to pay the entitlements of redundant employees and will pay before Christmas
- Landlords – not disadvantaged
 - Administrators continuing to pay rents for licenced stores with the remaining stores paid rent weekly until closed
 - Intent is licenced stores continue as part of SPA or DOCA
- Trade creditors
 - Business is continuing to trade during this period. Extension, sale of the business or DOCA maximises the chances of the business continuing in existence.

The Chairperson then presented the timeline if an extension to the convening period was approved.

2. Overview of the key terms of the Licence Agreement

Further to the First Creditors meeting held on 7 November 2012 the Chairperson provided a recap of the key terms of the licence agreement with DSG:

- Under the licence agreement DSG is trading the 236 stores.
- Preserves the business:
 - The licence agreement does not assign or effect the leases, RAPL remains the tenant.
 - RAPL also remains the employer of the staff; and
 - Owns all the stock
- These are important in the event the licence agreement is terminated.

Under the licence agreement DSG:

- Takes on all the trading liabilities of the licenced stores
- Pay the Administrators sufficient funds to meet employee entitlements for staff made redundant
- Put the Administrators in funds to meet rent & wages and other outgoings
- All stock remains the property of RAPL, provided to DSG as consignment stock
- Minimum stock level at anytime must be at \$70m

3. Questions

During the above discussion the committee members asked a number of questions regarding the extension to the convening period as summarised below:

- How long are the Administrators seeking an extension for?
- If a DOCA was proposed at the second meeting would all creditors get to vote on it?

Resolution re: extension of the convening period:

The Chairperson then proposed the following resolution for the Company:

“The Committee of Creditors provides its support for the Joint Administrators’ application to the Federal Court on Wednesday 14 November 2012, for an extension of the Convening Period for a period of 90 days”

All those in favour say aye. All those against say nay.

The Chairperson declared the motion carried unanimously

Questions

The Chairperson invited questions from the committee:

Members of the Committee asked questions, categorised into the following categories:

The Licence Agreement

- Why can't the licence agreement be provided to the committee given all members have signed a confidentiality agreement?
- What happens on termination of the licence agreement?
- Is profit / cash generated from the licence stores for the benefit of DSG or the Administration / creditors?
- Who pays the Administrators fees?

DSG

- Does DSG have the required supply of stock for the critical Christmas trading period?
- What percentage of suppliers has DSG secured for ongoing supply?
- Damian Hodgkinson was asked what his role was and what type of consultancy services he provides to DSG?
- If DSG puts forward a DOCA is this likely to lead to a return to the unsecured creditors?
- Is the secured creditor, disposed to making an offer to unsecured creditors?

Creditor committee meetings

- How often will the Administrators update the Committee?
- Would it be possible for the Committee to have / seek legal representation?
- Will the Committee be provided with a list of creditors?

Other

- Will the Administrators be investigating insolvent trading?

Any other business The Chairperson asked if there was any other business and then declared the meeting closed as at 10.55am.

The Chairperson thanked the Committee members for their attendance.



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V N Strawbridge

Chairperson

Dated: 14 November 2012

