

TO ALL CREDITORS AND EMPLOYEES

9 September 2013

Dear Sir/Madam,

**Retail Adventures Pty Limited ACN 135 890 845 (“RAPL”)
Retail Adventures Holdings Pty Limited ACN 136 178 839 (“RAHPL”)
(Both Administrators Appointed)**

SECOND MEETING OF CREDITORS HELD ON 2 SEPTEMBER 2013

At the meeting of creditors of RAPL and RAHPL held on 2 September 2013, creditors voted and it was resolved that both RAPL and RAHPL execute the Deed of Company Arrangement proposed as referred to in our report dated 19 August 2013

Attached are a copy of the minutes of the meeting.

The Deed of Company arrangement is currently being drafted, once executed we will advise creditors in writing.

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

Yours faithfully



Vaughan Neil Strawbridge
Joint and Several Administrator



Second Meeting of Creditors

RETAIL ADVENTURES PTY LIMITED
ACN 135 890 845
RETAIL ADVENTURE HOLDINGS PTY LIMITED
ACN 136 178 839
(Both Administrators Appointed)

(“the Companies”)

Held concurrently on Monday, 2 September 2013 at 1:00pm at the below venues:
The Menzies Sydney, 14 Carrington Street, Sydney NSW 2000
Sofitel Melbourne, 25 Collins Street, Melbourne VIC 3000
Cliftons Brisbane, 288 Edward Street, Brisbane QLD 4000

<p>Present:</p> <p>Absentee:</p>	<p>Vaughan Neil Strawbridge – Administrator, Deloitte Touche Tohmatsu David John Frank Lombe – Administrator, Deloitte Touche Tohmatsu Tim Norman - Deloitte - Touche Tohmatsu (Melbourne) Stephen Humphreys - Deloitte Touche Tohmatsu (Brisbane) Dan Rose – Deloitte - Touche Tohmatsu (Sydney) Mark Clifton – Herbert Smith Freehills</p> <p>John Lethbridge Grieg – Administrator, Deloitte Touche Tohmatsu</p>
<p>Opening of Meeting:</p>	<p>It is now 1:25pm on Monday 2 September 2013 and I declare the meeting open.</p> <p>This is the Second Meeting of Creditors of Retail Adventures Pty Limited (Administrators Appointed), which will be referred to as RAPL or Retail Adventures. It is also the Second Meeting of Creditors for Retail Adventures Holdings Pty Limited (Administrators Appointed) which will be referred to as Holdings or RAHPL for the period of the meeting.</p> <p>My name is Vaughan Strawbridge and I am one of the Joint and Several Administrators of the Companies.</p> <p>With me today in Sydney is David Lombe who is one of the Joint and Several Administrators and a senior partner at Deloitte. My other Joint and Several Administrator John Greig is not present and I pass on his apologies.</p> <p>Also on the table with me is Mark Clifton who is our legal advisor, Mark is a partner at the firm Herbert Smith Freehills.</p> <p>The meeting is being conducted in Sydney, Melbourne and Brisbane, being broadcast through the rooms’ PA systems. We will be running the meeting from Sydney, where in attendance I have Dan Rose with various other members of my team.</p> <p>In Melbourne, Tim Norman one of my partners at Deloitte is in attendance with various members of our staff.</p> <p>In Brisbane, Stephen Humphreys one of our Account Directors at Deloitte is in attendance with various members of our staff</p> <p>Due to the interrelated nature of the Companies I intend on holding the meetings of the Companies concurrently. I will call for resolutions for RAPL first before Holdings.</p> <p>There are also a number of creditors observing via telephone, as is the Director Ms Cameron who is currently overseas.</p>

Agenda

- Introduction - Statutory Matters
- Report from the Administrators:
 - Administration Timetable
 - Purpose of the Administration
 - Purpose of the Meeting
 - Estimated Outcome Statement (Liquidation versus DOCA)
 - DOCA
 - Liquidation
 - Administrators Recommendation
- Questions – will be invited prior to the creditors considering resolutions on the future of the Companies
- Voting on Resolutions
- Resolutions

1 Second Creditors Meeting – September 2019

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On the screen is the order we will be conducting the meeting in.

Introduction – Statutory Matters

- Opening of the meeting by the Chairman
- Attendance register
- Recording and broadcasting of the meeting
- Notice of meeting – convenience for creditors
- Quorum
- Proxies, admission of claim, voting and resolutions
- **Questions** – will be invited prior to the creditors considering a resolution on the future of the Companies

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I understand that everybody has signed the attendance register. Has anybody not signed the attendance register, whether you are a Creditor, Proxy-holder or Observer?

Everyone present in Sydney has signed in.
Tim Norman confirmed same for Melbourne
Stephen Humphreys confirmed same for Brisbane.

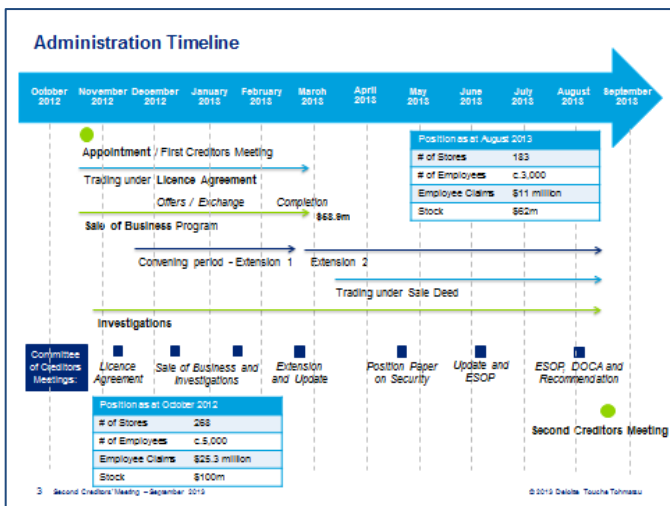
We are recording this meeting to assist us in the preparation of the minutes of the meeting. Does anyone object to the recording of the meeting:

No objections in Sydney.
Tim Norman confirmed same for Melbourne
Stephen Humphreys confirmed same for Brisbane.

It was also confirmed no media was present.

Appointment of Chairperson:	Pursuant to Section 439B(1) of the Corporations Act 2001 and Regulation 5.6.17(1) of the Corporations Regulations, as one of the Administrators I will be the Chairperson for the meeting.
Quorum: Proxies:	<p>I declare that a quorum is present for the Second Meeting of Creditors of the Companies as the requirements set out in Regulation 5.6.16(2) of the Corporations Regulation are satisfied.</p> <p>My team are still in the process of collating the details of the attendance registers and details of proxies held. Once complete I will confirm to the meeting the number and value of proxies held by me as the Chairperson.</p> <p>There are a significant number of creditors represented in person or by proxy at this meeting, in fact over 700 creditors are represented today. I do not intend to go through the attendance register but a copy will be tabled with our minutes once lodged and made available for inspection at our offices.</p>
Voting on Resolutions:	<p>I advise it is my intention as the Chairperson, to call a Poll in accordance with Regulation 5.6.19 and 5.6.20 on resolutions concerning the future of the Companies.</p> <p>I am doing this as I am on notice of a number of parties who are holding proxies for a significant number of creditors who intend to vote in a different manner on those resolutions.</p> <p>I will take the meeting through the procedure for a Poll later in the meeting.</p> <p>All other resolutions are to be resolved on the voices, unless a poll is demanded. A Poll can be demanded by:</p> <ul style="list-style-type: none"> • The Chairperson; or • By at least 2 persons present in person, by proxy or by attorney and entitled to vote; or • By persons present in person, by proxy or by attorney and representing not less than 10% of persons entitled to vote at the meeting.
Declaration of Convenience - Time and Place of Meeting:	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 Regulations, 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.
Declaration of Independence, Relevant Relationships and Indemnities:	<p>I advise that there have been changes to the Declaration of Independence, Relevant Relationships and Indemnities, commonly known as a DIRRI, provided with the First Circular to Creditors. I note that a copy of the updated DIRRI was attached at Annexure A of the section 439A Report to Creditors dated 19 August 2013.</p> <p>I advise that the changes to the DIRRI do not in our opinion impact our independence or our ability to comment upon the matters included in the report.</p> <p>I therefore confirm that we have no conflict to continue to act as Administrators, Deed Administrators or Liquidators of the Companies.</p>

<p>Tabling of Documents:</p>	<p>I will take this opportunity to table the following documents:</p> <ol style="list-style-type: none"> 1. Notice of Meeting of Creditors of the Companies dated 19 August 2013; 2. The publication of the Notice of Meeting of Creditors of the Companies on the publication website maintained by ASIC pursuant to Regulation 5.6.75. This advertisement appeared on ASIC's website on Wednesday 28 August 2013. An order was granted under section 447A of the Act to reduce the required notice period from 5 to 3 days. 3. The Administrators Report to Creditors pursuant to section 439A of the <i>Corporations Act 2001</i> dated 19 August 2013; and 4. The Statements in Writing of Posting of Notice of Meeting, Form 530 dated 22 and 23 August 2013 and executed by Teresa Chan of my office and Maria de Guzman of the postage contractor; <p>If there are no objections I will take the tabled documents as being read.</p> <p>Are there any objections?</p> <p>No objections were noted in Sydney Tim Norman confirmed same for Melbourne Stephen Humphreys confirmed same for Brisbane.</p>
<p>Purpose:</p>	<p>As set out in the agenda, the main purpose of today's meeting is to:</p> <ol style="list-style-type: none"> 1. To receive a report from the Administrators pursuant to Section 439A of the <i>Corporations Act 2001</i>; 2. To answer any questions from creditors; 3. For creditors to resolve for each company: <ol style="list-style-type: none"> a. that the company execute a Deed of Company Arrangement; or b. that the Administration should end; or c. that the company be wound up. 4. If it is resolved that the Companies execute a Deed of Company Arrangement, then: <ol style="list-style-type: none"> a. to approve the future remuneration of the Administrators up until the Deed of Company Arrangement is executed; and b. to fix the remuneration of the Deed Administrators; 5. If the Companies proceed to Liquidation, then to appoint a Committee of Inspection; and 6. Any other business that may be lawfully brought forward.



Administration timeline

We hope our report to creditors has provided some clarity as to the reasons for the failure of the Companies, their financial position and sufficient information for creditors to make an informed decision as to the future of the companies; the subject of the resolutions being put to the creditors today.

I do not propose to go through the entire report, but to focus on the key issues pertaining to the decisions being considered at today’s meeting.

On the screen you have the timeline of the Administration process.

Appointment

We were appointed Voluntary Administrators of:

- RAPL on 26 October 2012 and
- RAHPL on 7 November 2012.

Licence Agreement

We entered into the licence agreement with DSG Holding Pty Limited, which I will refer to as DSG, on our appointment to enable the business to continue to trade while we conducted a sale of business process. In section 8 of our report we set out the key terms, benefits and rationale for entering into the licence agreement.

Sale of Business

The sale of business was conducted over a 12 week period

A number of offers were received for the business or parts of it. The offer from DSG was for the highest value and ensured the continued employment for the majority of staff.

Key terms of the sale were:

- Purchase price of \$58.9m subject to adjustment for employee entitlements assumed or paid and money pre-paid to the Administrators for stock
- All employee entitlements are to be assumed or paid by DSG
- A licence arrangement would continue, allowing the business to be traded while the remaining leases, supplier contracts and employees were transitioned to DSG
- DSG would make employment offers to RAPL’s employees when 85% of ongoing premises had been secured unless that threshold was waived by DSG. A letter of offer of employment is being issued to employees today and I signed assignments and or surrenders of about 100 leases over the weekend. In addition to this there are a number of other lease assignments in the process of being executed.

- The balance of the purchase price was to be applied against RAHPL/DSG's secured debt
- The ability of a liquidator to challenge the validity of that secured debt has been preserved. This potential action was set out in section 9.6.2 of our report. If successfully challenged DSG may be required to make a cash payment to the Administrators to a maximum of approximately \$13m. The actual amount paid would be less given the entitlement of related parties to dividends in a liquidation.
- To protect creditors' interests for any amount ultimately payable, the Administrators took first ranking security over DSG.

Extension of the convening period

Two extensions of the convening period were sought:

- 1st – to allow us to continue our investigations while we conducted a sale of business
- 2nd – as it was a condition of the sale of the business. We set out to creditors in section 3.3 of our report the reasons why this was in the interests of creditors.

Committee of Creditors

A COC of RAPL was formed at the first meeting. We have held 7 meetings of the Committee, 6 of those were detailed in our report at section 3.4. & a 7th was held on Monday 26 August.

Through these meetings we have been able to keep the COC fully informed of the progress of the Administration. We have also posted the minutes of some of these meetings on our website.

Purpose of Administration

To take control of and investigate the affairs of the Companies in a way that:

“Maximises the chances of the company, or as much as possible of its business, continuing in existence; or

If it is not possible for the Company or its business to continue in existence – results in a better return for the company’s creditors than would result from an immediate winding up of the company”

Maximising the return to creditors:

- Maximising proceeds from the sale of the business
- Minimising trading & holding costs
- Minimising creditors’ claims
- Investigation of potential actions and recoveries that may be available to a liquidator so that this could be compared to any proposed DOCA received.

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Purpose of the Administration

The process outlined on the previous slide has been followed to achieve the purpose of the Administration which is to take control of and investigate the affairs of the Companies in a way that:

- ***“Maximises the chances of the company, or as much as possible of its business, continuing in existence; or***
- ***If it is not possible for the Company or its business to continue in existence – results in a better return for the company’s creditors than would result from an immediate winding up of the company”***

In our report and previous correspondence to creditors we advised the key to maximising the return to creditors would be by:

- Maximising proceeds from the sale of the business – we sold the business for \$58.9m, the highest offer received
- Minimising trading & holding costs – this was achieved through the use of the licence agreement where DSG funded and took responsibility for the trading of the business. DSG did not make a profit during the licence period while the business was being restructured.
- Minimising creditors’ claims:
 - Employee claims – we have estimated a reduction in \$13m of claims has been achieved through securing ongoing employment
 - Landlord claims – maximising the number of leases assigned to a purchaser, therefore reducing landlord claims for breach of lease such as make good, re-letting costs and lost rent. Currently 183 stores have been identified as continuing stores together with 50% of the head office and 1 distribution centre.
- Investigation of potential actions and recoveries that may be available to a liquidator so that this could be compared to any proposed DOCA received.

The objectives of the Administration have been achieved.

I will comment shortly on the return to creditors in the event a liquidator is appointed and also the DOCA proposal received.

Purpose of the Meeting

To decide the future of RAPL and RAHPL. The options are:

1. That the Administration end and that the control of the Companies revert to its Director
 - *As both Companies are clearly insolvent, we do **not** recommend this option*
2. That the Companies execute the proposed DOCA
 - *This option provides an estimated return in the vicinity of 6.46 cents in the dollar to unsecured creditors. We **do not** recommend this option as there is no certainty that the DOCA contribution will be received and we believe that liquidation will provide a better outcome for creditors in any event*
3. That the Companies be wound up
 - *We estimate the return to the unsecured creditors of RAPL is likely to be between 20.71 cents and 45.12 cents in the dollar.*

We recommend that it is in the creditors' best interests that the Companies be wound up

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Purpose of the Meeting

The main purpose of today's meeting is to decide the future of RAPL and RAHPL. The options are:

1. That the Administration end and that the control of the Companies revert to its Director
 - *As both Companies are clearly insolvent, we do **not** recommend this option*
2. That the Companies execute the proposed DOCA
 - *This option provides an estimated return in the vicinity of 6.46 cents in the dollar to unsecured creditors. We **do not** recommend this option as there is no certainty that the DOCA contribution will be received and we believe that liquidation will provide a better outcome for creditors in any event*
3. That the Companies be wound up
 - *We estimate the return to the unsecured creditors of RAPL is likely to be between 20.71 cents and 45.12 cents in the dollar.*
 - **Therefore it is our recommendation that it is in the creditors' best interests that the Companies be wound up**

Estimated Outcome Statement

Code	Notes	Total Claim	Liquidation		DOCA
			High estimate	Low estimate	estimate
REALISATIONS					
Cash at bank	a	4,819	4,819	4,819	4,819
Less accrued trading expenses	b	(2,262)	(2,262)	(2,262)	(2,262)
Proceeds from sale of business	c	12,812	12,812	-	-
Sale and lease back of motor vehicles	d	-	-	-	-
Preference payment	e	20,120	22,575	22,584	-
Insolvent trading	f	48,284	21,265	19,214	-
DOCA contribution	g	-	-	-	5,500
Total realisations		114,575	89,133	44,225	7,957
ESTIMATED COSTS					
Administrative remuneration to 2 September	g	775	775	775	775
Administrative remuneration from 2 September to execution of DOCA	i	-	-	-	150
Liquidators remuneration	h	3,000	3,000	3,000	-
Deed of Administrators remuneration	i	-	-	-	500
Debitable disbursements	j	250	200	200	100
Other disbursements	k	50	50	50	50
Legal fees and disbursements	k	5,000	5,000	5,000	500
Litigation premium	l	18,900	10,265	8,760	-
Total costs		29,975	20,110	15,985	2,075
Surplus available to distribute to creditors		89,600	69,023	28,240	5,782
DISTRIBUTIONS					
Creditor claims					
Trade creditors	m	48,284	48,284	48,284	48,284
Contingent/landlord claims	n	28,000	28,000	28,000	28,000
Landlord rent arrears	o	10,070	10,070	10,070	10,070
Statutory creditors	p	5,212	5,212	5,212	5,212
Related party creditors	q	10,900	10,900	24,713	-
Preference payment creditors	r	20,120	22,575	22,584	-
Total creditor claims		133,586	135,044	139,854	89,586
Dividend to unsecured creditors (c in \$)		59.94	45.12	20.71	6.46

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ESOP

Estimated Return from a Winding Up and DOCA

On the screen is a table from our report, it shows an analysis of our estimated return to creditors in the event RAPL is wound up as compared to the estimated return under the proposed DOCA.

The key categories of realisation in a liquidation are:

- Cash at bank
- Additional proceeds from the sale of the business in the event of a successful challenge to the validity of the RAHPL security. You will note on a low case we have assumed nothing is recovered.
- Preference payments. We have identified payments of \$50m and estimated a recovery of between 65% and 45% to take into account the risks of litigation, defences available and ability of parties to pay.
- A claim against RAPL's insurer, its holding and parent companies, its director and former directors for insolvent trading. While we have identified a potential claim of \$48m, we have estimated a recovery of between \$19m and \$31m. This is after taking into account our views on the risks of litigation, defences available to the directors and holding company, and the ability to recover funds under the insurance policy and from the holding company and director and former directors.

I will also note as set out in our report that we have received a conditional offer of litigation funding to fund some if not all of these actions. If funded and ultimately not successful, the cost of these actions would not be borne by creditors.

After taking into account the estimated risks of pursuing the above actions and the costs of realisations, we estimate creditors could expect a return between 20.71cents and 45.12cents in the dollar on their claims, based on the known and estimated creditors of RAPL as identified in our report.

In our report we set out in detail the findings of our investigations. While we have expressed our views as to the strength of the claims a liquidator has we have also highlighted the risks and defences which other parties may raise.

We have then compared this to the DOCA proposal which has been received which shows, if the DOCA fund is received, creditors would receive an estimated return of 6.46cents in the dollar.

Deed of Company Arrangement Proposal

The key features of the DOCA are as follows:

- The DOCA is for both RAPL and RAHPL.
- The Deed Administrators will be Vaughan Strawbridge and David Lombe
- Creditors' claims must have arisen on or before 26 October 2012 if they are to be admissible under the DOCA.
- The adjudication of their claims will be dealt with as if the Companies were in liquidation
- A Deed Fund will be established which comprises:
 - cash held by the Administrators
 - a contribution of \$5.5m to be made by 31 January 2014
- Related parties will be released from any claims
- All creditors will be bound by the DOCA as provided by the Act
- Related party creditors will not participate in the DOCA

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DOCA

The key features of the DOCA are as follows:

- The DOCA is for both RAPL and RAHPL and will involve the creation of a single DOCA fund against which the creditors of RAPL and RAHPL will claim. This requires the DOCA to be accepted for both companies.
- The Deed Administrators are to be myself, Vaughan Strawbridge and David Lombe
- Creditors' claims must have arisen on or before 26 October 2012 if they are to be admissible under the DOCA. The adjudication of their claims will be dealt with as if the Companies were in liquidation
- A Deed Fund will be established which comprises the cash held by the Administrators at the time of the execution of the DOCA and a contribution from Bicheno, DSG, the Directors and former directors of \$5.5m to be made by 31 January 2014 or such later date agreed by the Deed Administrators.
- Upon payment of the contribution, the related parties will be released from any claims arising prior to the commencement of the administration of RAPL and RAHPL
- All creditors will be bound by the DOCA as provided by the Act
- Creditors must accept their entitlement under the DOCA in full satisfaction and complete discharge of all debts and claims against RAPL and RAHPL

Deed of Company Arrangement Proposal (key features - continued)

- Related party creditors will not participate in the DOCA
- The control of the Companies will be returned to the Director following execution of the DOCA
- If the DOCA Contribution is not made by 31 January 2014 (or as otherwise agreed), the DOCA will fail.
- The Contribution will not be able to be recovered from the Contributors.
- The DOCA can be terminated as provided for by the Act
- RAPL will not engage in any new business or any other activity except as acting as tenant under existing leases until the contribution is paid.
- The Deed Administrators' remuneration is capped at \$500k excluding GST unless approved by creditors or the Court

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- Related party creditors will not participate in the DOCA
- The control of the Companies will be returned to the Director following execution of the DOCA
- If the DOCA Contribution is not made by 31 January 2014 (or as otherwise agreed), the DOCA will fail. The Contribution will not be able to be recovered from the Contributors.
- The DOCA can be terminated as provided for by the Act
- RAPL will not engage in any new business or any other activity except as acting as tenant under existing leases until the contribution is paid. DSG will be responsible for all amounts payable under the leases
- The Deed Administrators' remuneration is to be capped at \$500k excluding GST, however further approvals can also be sought from creditors or the court

Deed of Company Arrangement – Key Risks

We provide the following comments to be read in conjunction with our Report:

- Bicheno has given no assurance that the contribution will be made
- There is no obligation on the contributing parties to pay the contribution
- Control of RAPL will be returned to the Director
- We understand the Director will release RAPL security over DSG
- The Director will have the ability to cause RAPL to incur further debts
- Potential recoveries in a subsequent liquidation may be materially less

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DOCA – key risks

The proposed DOCA contains a number of inherent risks and issues which we have raised with Bicheno's advisers and also highlighted in our report to creditors in section 11.3.

- We have been advised the source of funds for the contribution are going to be from asset realisations and external financier funding
- An unusual aspect of the proposed DOCA is that there is no obligation on the contributing parties to pay the DOCA contribution. This means that if the contribution is not made, the Deed Administrator cannot commence proceedings to recover that amount. The only alternative available to creditors would be to terminate the DOCA and liquidate the Companies
- It is proposed that following execution of the DOCA, control of RAPL will be returned to the Director. We understand that DSG will be seeking to raise external finance and as part of that process, the Director will agree to release the security which RAPL currently holds over DSG for the benefit of creditors, in the event that the RAHPL security is void and a cash component of the purchase price is payable by DSG as part of the sale of business deed. If the DOCA contribution is not made and RAPL is subsequently wound up, this security would not be available to a subsequent liquidator.
- If the contribution is not made and it is necessary for RAPL to be wound up on or after 31 January 2014, then the potential recoveries in a subsequent liquidation may be materially less than if RAPL is placed in liquidation immediately because:
 - the Director may release the \$13m in security which RAPL currently holds over DSG's assets and which would otherwise be available to a liquidator
 - the commencement of recovery actions will be delayed for at least 5 months
 - potential defendants to recovery actions may deal with their assets during that period in a way which will make it harder for a liquidator to recover any amount payable by them

Under the DOCA:

- we have estimated a return to creditors of 6.46cents in the dollar, this is subject to the ultimate value of creditor claims
- If the deed fund is received, which the contributors have advised is their intent, it will provide a resolution for creditors, albeit not as higher return as estimated under liquidation.
- As no liquidator would be appointed it would also:
 - Benefit some individual creditors that have received preferential payments as these would not be pursued
 - No action would be taken to challenge the RAHPL security; and
 - No action would be commenced by a liquidator for insolvent trading as one would not have been appointed.

The other benefit would be timing of a return to creditors. If a DOCA contribution is received, a dividend could be paid in early 2014.

<p>Liquidation – Key Risks</p> <p>We provide the following comments to be read in conjunction with our Report:</p> <ul style="list-style-type: none"> • In the event of Liquidation returns to unsecured creditors will depend on: (among other things) <ol style="list-style-type: none"> 1. the validity of the Bicheno's security 2. the success of litigation; and 3. the capacity of counterparties to pay. • The pursuit of claims through litigation make take significant time <p><small>10 Second Creditors Meeting – September 2019 © 2019 Deloitte Touche Tohmatsu</small></p>	
<p>Liquidation – Key Risks</p>	<p>Under liquidation the key risks identified are listed on the slide. There is no surety of the outcome of the actions identified as there is always an inherent risk with litigation.</p> <p>It will take significantly longer to pursue claims and recovery of monies under a liquidation than anticipated under the DOCA.</p>
<p>Administrators Recommendation</p> <p>We recommend that it is in the creditors' best interests that the Companies be wound up</p> <p><small>11 Second Creditors Meeting – September 2019 © 2019 Deloitte Touche Tohmatsu</small></p>	
<p>Administrators Recommendation</p>	<p>Having taken all these factors into account and those considered in our report and from our investigations, it is our recommendation that it is in the creditors best interests that the Companies be wound up.</p>

<p>Statement from DSG to creditors at the 2nd meeting of creditors</p> <p>We are very firmly of the view that approving the DOCA is in the best interests of the majority of RAPL's creditors, and that creditors should consider not just the dividend recovery in RAPL, but the impact of a liquidation on the long term sustainability of DSG for the following reasons:</p> <ol style="list-style-type: none"> 1. If RAPL is liquidated, Deloitte have indicated that more than half of their estimated claim is against suppliers themselves for preferential payments. Our Deed proposal does not seek any recoveries from suppliers. 2. We do not agree that insolvent trading claims will succeed. In any event, on the basis of the information we have provided to Deloitte, we consider their recovery estimates to be largely overstated. 3. Under our DOCA proposal, creditors have a clear understanding of what they will receive and when. If RAPL is liquidated, creditors recoveries are uncertain and will be at least 4-5 years before any litigation is resolved. 4. We believe that the best interests of a majority of RAPL's creditors are serviced by ensuring that DSG has a financially sustainable and successful future not distracted by prolonged litigation. <p>Validity of Biocheno's 2011 security</p> <p>We maintain that at all times during July and August 2011 Biocheno had sufficient cash resources to provide any additional funding to RAPL, more than sufficient to settle \$21.1M in overdue creditors in July 2011 as set out in the Administrators report, and as such we maintain that RAPL was solvent and the security is therefore valid.</p> <p>When this new security was granted to Biocheno in July 2011, Biocheno allowed its assets to be used to guarantee \$25.0M in additional funding from ANZ, and then made significant additional funding available to RAPL when requested by management.</p> <p>We maintain that recovery from this claim is nil.</p> <p><small>13 Board Creditors Meeting - December 2013 © 2013 Deloitte Touche Tomes</small></p>	<p>Statement from DSG to creditors at the 2nd meeting of creditors (cont.)</p> <p>Impact on DSG - New funding</p> <p>While DSG and RAPL are separate entities, new funding for DSG from our external financiers is conditional on the DOCA proposal being approved, and on the removal of the RAPL intercompany charge. If the DOCA is not approved, this may unnecessarily delay the availability of new working capital funding for DSG, including the ability to provide bank guarantees for key retail sites.</p> <p>The Administrators have expressed concern that the contribution to the DOCA is at the contributors' discretion, and that removal of the charge is not in creditors' best interests.</p> <p>We do not agree with this view. We believe it is in creditors' best interests, as well as DSG's best interest, to make the deed contribution.</p> <p>Insolvent Trading</p> <p>The Administrators have alleged a claim for insolvent trading against directors of \$48.3M. The estimate of the recoverable value of this claim by the Administrators is between \$19.3M and \$31.4M.</p> <p>Insolvent trading claims are extremely difficult to prove and uncertain, often have limited recovery, are subject to offset claims, and take 4-5 years of litigation to substantiate.</p> <p>We have provided the Administrators with limited access to the asset and liability position of both Biocheno Investments and Jan Cameron in order to assess the recoverability of this claim, and on the basis of this information we consider Deloitte's recovery estimates to be largely overstated.</p> <p>A Deed of Company Arrangement provides greater certainty at significantly lower costs of recovery for all creditors, as litigation funding and professional fees are minimised.</p> <p><small>14 Board Creditors Meeting - December 2013 © 2013 Deloitte Touche Tomes</small></p>	<p>Statement from DSG to creditors at the 2nd meeting of creditors (cont.)</p> <p>Preference Payments</p> <p>Of greatest concern to DSG, and their go-forward business, is the allegation that local trade suppliers received preference payments of \$50.0M.</p> <p>In the event of liquidation of RAPL the pursuit of suppliers by the liquidators would disrupt the DSG business as 80% of our landlords and 75% of our trade suppliers have continued with the business.</p> <p>More than half the recoveries identified by the Administrators from preference payments come from on going suppliers to DSG.</p> <p>Under the deed proposal submitted there would be no recovery of preferential payments from suppliers.</p> <p><small>15 Board Creditors Meeting - December 2013 © 2013 Deloitte Touche Tomes</small></p>
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Statement by DSG

Damien Hodgkinson

A representative from DSG would like to make a statement to creditors. I invite Damien Hodgkinson as DSG's representative to make that statement.

My name is Damien Hodgkinson and I am the restructuring adviser working with Discount Superstores Group on the restructuring of Retail Adventures.

There were a number of issues that were raised in the report provided by the Administrators which DSG feels that it should address for the purposes of this meeting. We are firmly of the view that approving the DOCA is in the best interests of creditors and of DSG. We think that the resolution of a Deed of Company Arrangement provides a position for ongoing suppliers and landlords to effectively move on to see an early resolution of the litigation, a distribution of a dividend, and the ability of DSG to continue its operations on a go-forward basis.

There has been a concern that there is no requirement that we make the contribution towards the proposal. We consider that while there is no guarantee that the contribution will be made, it is in both creditors' and DSG's interests that the contribution be made when it is required to do so, and it is our intention that that contribution will be made.

One of the principal issues for us was our ability to raise further finance to support DSG's ongoing business. The issue there for us was that at the moment we have a first-ranking charge on DSG's assets that relates to the Retail Adventures business. We believe that those assets would be better utilised to fund ongoing DSG business to provide the additional working capital that we need to pay suppliers, and to provide bank guarantees for essential retail sites. We are unable to do this, and it's a condition of our new financing, that we put up a deed proposal and that the deed proposal be accepted.

We have a different view, and there will always be a different view between liquidators and professionals in respect to what the likelihood of recoveries will be under a liquidation or a deed scenario. Under a liquidation, recoveries in relation to insolvent trading can take a substantial number of years to complete, and as Deloitte have indicated, the outcome of that litigation is uncertain. We can only give you an estimate of any one point in time as to what we think the likelihood of that outcome will be. We have a different view, based on our information and our own defences, on what we think the likely recovery would be, and we think that would be substantially lower than that which the Administrators have identified. That said, we have our own information to base that on.

The other issue is principally that a large proportion of these recoveries that have been identified actually come from our own suppliers. We consider that a litigation that is largely based on preference recoveries from people we are continuing to trade with, while it doesn't impact DSG, destabilises our supplier base. Under our deed proposal, and the reason that there is a substantial difference in the recovery estimates is that we are estimating no recovery of any preference claims.

We do not believe it's in our suppliers' best interests in dealing with us on an ongoing basis when they are also fighting a litigation with the liquidators of Retail Adventures, in a situation where litigation is considerably expensive and time consuming. We want DSG's senior management to be focused on the go forward business and not on the rump of the Retail Adventures business.

We also take a view that the only parties to really benefit from any ongoing litigation is those parties that were funding it and the cost of that litigation and the cost of professional fees which, based on the report, would be significant. We remain firmly of the view that suppliers and creditors should not take into account just the nominal values that have been identified in the administrator's report, but consider all the qualitative issues around the ongoing business that should also be considered in agreeing to the proposal that we put forward. Thank you.

Questions from Creditors

- The Chairman will answer questions from creditors.
- Questions will be taken from the floor in Sydney and via teleconference from the live sites in Brisbane and Melbourne.

12 Second Creditors Meeting – September 2019

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Questions

The meeting was opened to questions from creditors. Before asking a question creditors were asked to please state their name and the creditor they are representing.

Questions from Melbourne

Jim Lawrence:

Jim Lawrence from International Consolidated Business. Before we vote, is it possible for the meeting to get a list of the creditors who have been identified as creditors who have received preference payments?

Chairperson:

No, we're not proposing to provide to parties a listing of those individuals that we've identified preferential claims against.

Questions from Brisbane

There were no questions from Brisbane.

Questions from Sydney

Tina McGregor: Good afternoon. My name is Tina McGregor. I'm from a company called Signet Pty Ltd. Vaughan, in the event that you do go for a preference payment, you've mentioned two dates. You've mentioned 2011 and you've mentioned May 2012. That's a significant difference in the amount of money that's been paid out to companies. Do you have a date in mind at the moment?

Chairperson: No, the date of May 2012 was really looking back to a relation-back period which was a six-month period prior to the appointment of Administrators. Over 90% of the creditors that were outstanding on the date of our appointment were incurred during that period, which is why we chose that period to look back to, and we are comfortable with our view that the company was insolvent at that time.

Tina McGregor: Although you can't give us a list of preferential creditors, can you give us what details a preferential payment?

Chairperson: We set that out in our report and it is where a creditor receives a payment in preference to all other creditors. When we reviewed the payments we had identified, we looked at the criteria to look at the amounts which were owed to those individual creditors and the circumstances around the payments that were made to them. We made sure that we could actually identify that the creditor at the time of receiving the payment was aware of the financial position of Retail Adventures, and we did that mainly by looking at the email correspondence and whether or not the creditor had put Retail Adventures on stop supply.

These were indicators to us that the individual creditor was aware. We then looked at the nature of the payments which were made – were they in the ordinary course or were they not in the ordinary course. The payments that we have identified, we identified as not being in the ordinary course and were in preferential treatment to the general body of unsecured creditors.

In section 9.6.1 of our report, we have identified what defences are available to creditors to a claim for preference payments. The first is that the payment was received in good faith and that the creditor receiving the payment had no reasonable grounds for suspecting that Retail Adventures was insolvent at the time the payment was received. There's also a running account defence, and that's where goods are supplied and payments made on a running account basis.

The maximum amount that can generally be recovered as a preference is the difference between the highest outstanding account balance during the six-month period prior to the date of appointment, and the outstanding account balance on the date of appointment. So we've applied those tests when we've looked at the quantum of payments.

	<p>Andrew Sypkes:</p> <p>Chairperson:</p> <p>Scott Hedge:</p> <p>Chairperson:</p> <p>Scott Hedge:</p> <p>Chairperson:</p> <p>Scott Hedge:</p>	<p>Good afternoon, my name is Andrew Sypkes and I'm a landlord creditor. Just a follow-up from that question. So you said there that you're looking for payments that are out of the ordinary course of business. So a landlord who is paid their rent on the 1st of every month in the month leading up to the administration, would you consider those payments preferential?</p> <p>There is a standard landlord defence. Within the amounts that we have identified, there are no landlord creditors.</p> <p>Scott Hedge from Colin Biggers and Paisley. I act for quite a number of creditors, as you know. Do you want me to go through any of them?</p> <p>No, that's all right.</p> <p>I hold the proxy for a number of creditors, I should make it clear, so I'm not just simply acting as a lawyer. A couple of questions. Clearly the issue that has primarily been focused on by the presentation made by the proponent of the deed proposal, DSG, focused on two things. One was - without wanting to use emotive word - clearly the threat that they see over ongoing suppliers in relation to preferential payments. As you pointed out, it's not appropriate to debate it here, there are clearly defences that may or may not be available, it just depends on each fact.</p> <p>The primary issue I do want to raise because it's something that is new is this, it's now being put that "external" financiers - and I only say that because I don't know who they are - have made some condition upon continued financing to DSG that this DOCA get up. I don't want to make a speech here. I'm asking some questions. Firstly, is it the case on the proposal as put, and upon which you have expressed an opinion, that there is no legal connection - I'll use that word for want of a better word - between the proposal and the ongoing existence or continuance of DSG?</p> <p>We do not believe there's any legal connection. DSG is a separate legal entity. It has purchased the business and assets of Retail Adventures from us as the Administrators. There is the process of the assignment of the leases to DSG and, as stated, the offers of employment are going out to those staff today. That is not something that is interrupted by the result here at today's meeting.</p> <p>That reminds me, the proposition that leases have been signed over the weekend and offers of employment gone out today given that the extension of the convening period was well over - well, it was approximately six months ago, is there any particular reason for that delay? Why has it taken this long - it's such a large number, I can understand obviously a number of trailers, for instance, stragglers. Is there any particular reason?</p>
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	<p>Chairperson: We set out in our report to creditors one of the terms of the sale of business agreement was for an assignment of - or on achieving an assignment of 85 per cent of the leases, then DSG would look at making offers of employment to all the staff. It is my understanding that they wanted to make sure, before they committed and signed over leases, that they had leases of a certain number to make sure that they could actually have a sustainable business which they could actually get through the sale and purchase agreement.</p> <p>If they had started to receive the assignment of individual leases, DSG would then be incurring the liability for those individual leases. They wanted to make sure that they had a quantum, significant quantum of leases to constitute a go-forward viable business, and that's what they have been able to achieve during that extension period. It would not have been achievable through a shorter period.</p> <p>Scott Hedge: A proposition you don't need to respond to but, in fact, also means that they have managed to maintain a large number of former employees and so forth as creditors to prove at this meeting, but that's a statement rather than a question. The real question carrying on is in terms of the financing, because that is something that - correct me if I'm wrong - does not appear in the report. It's not a criticism because it does not appear in the deed proposal as far as I can tell. This proposition that external financing is dependent upon this deed, do you have any information in relation to that beyond what's been put by Mr Hodgkinson today?</p> <p>Chairperson: My view is the DOCA getting up today is not conditional on some other event around financing. The DOCA proposal that we've received stands on its own feet and is not linked from our perspective. As far as DSG's business is concerned, I'm not appointed to that, I have no further information around that.</p> <p>Scott Hedge: I recall from the report that there were some external facilities from ANZ Bank in relation to bank guarantees for landlords, but other than that, the financing of this group up to today has been by related parties. That's correct, is it not?</p> <p>Chairperson: That is my understanding, yes. The ANZ bank guarantees were guarantees in respect to leases. ANZ are 100 per cent cash-backed in respect to those guarantees.</p> <p>Scott Hedge: So again, I fully appreciate you're not in control of DSG so you're not in a position to give - I presume, unless you correct me otherwise, to give any further information, but the proposition of external, unnamed external financiers, we have no information to creditors to understand what that means.</p> <p>Chairperson: My view is I don't think it's relevant to the decision to creditors at this meeting being creditors of Retail Adventures and Holdings around the decision here and, correct, I do not have any further information.</p>
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	<p>Scott Hedge: Indeed, and so it's a fair conclusion that they're related party financiers who are the people who you've expressed views on in relation to the report. Which leads me to a further question.</p> <p>In your report, you indicate that a report has been lodged with ASIC under section 438D of the Corporations Act. I appreciate, of course, that that report is confidential, but it is referred to in your report. My question is whether there has been any feedback or any dealings with ASIC in relation to investigations of this company that you're able to share with the meeting.</p> <p>Chairperson: ASIC did ask us to provide a supplementary report which we have done so. We have provided a copy of our 439A report which is a report that creditors have received. We also provided a copy of our position paper around the insolvency of Retail Adventures. Since lodging those two reports with ASIC, we have not received a response from them and we haven't received a request for any further information at this time.</p> <p>Scott Hedge: The final question that I have you've covered, I'm not going to make any more of a presentation. You've dealt with the issues in relation to the deed and the certainty of payment and all those sorts of things, but there's one issue that is raised by the statement made on behalf of DSG which is a disagreement with your estimates and your considerations as to the ability of the potential parties who you may seek to recover, and that is from the breach of duty, insolvent trading I should specify, are able to meet those potential judgments.</p> <p>There's a suggestion that they disagree with that. I know examinations haven't been conducted, but can you share with the meeting what investigations you've undertaken such that you're able to, with the certainty you appear to have put in your report, say a return of the substance that you recommended is likely, and otherwise how do you know that they can pay?</p> <p>Chairperson: We'll take creditors into our report. We estimated the recoveries, and the low estimate in liquidation from insolvent trading was \$19 million. We have received or we've viewed financial information in respect to the asset and liability position of the director and also of Bicheno. We have considered that with other information that we had received in respect to the financial position of those parties from the books and records of Retail Adventures and Holdings that we had in our possession.</p> <p>We've also considered the insurance policy which Retail Adventures had which does cover insolvent trading. Unfortunately because of one of the clauses within that insurance police we are unable to disclose the details of the policy or the quantum, but taking that into consideration as well as our view around what we perceive the financial position of DSG to be and also the prior or previous directors. Taking into account all of those factors, we believe that between all those parties there are sufficient funds available to meet a claim.</p>
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	<p>Scott Hedge: The point you just touched on, and it's in your report, that there is an insurance policy, and I fully appreciate that there are contractual restrictions on what you can say about it, but from what you've said there is such a policy, and if there is a recovery from that policy, clearly that is a fund of money that's completely independent from and has absolutely nothing to do with DSG, its directors, its shareholders and its ability to pay. That will live and die on the terms of the policy. Correct? The policy has nothing to do with DSG in terms of a recovery.</p> <p>Chairperson: Yes, that is correct.</p> <p>Scott Hedge: I understand you can't tell us the details. I'm not going to press you for that. I understand your position.</p> <p>So just confirming then, if the DOCA is rejected today, DSG continues to operate its business tomorrow. Nothing today legally stops that at all?</p> <p>Chairperson: That is correct. The outcome of today's meeting does not, in my view, impact the legal position in respect to DSG. They have purchased the business. They purchased all the assets of the business, including the stock, the plant and equipment. There is an assignment of leases over to that entity, and my understanding is no matter the outcome of today, they will be making offers of employment to the staff.</p> <p>Scott Hedge: Okay, thank you. One different question. You mentioned in your report that since the administration, DSG or other entities perhaps, have paid out some of the suppliers that were owed money, and I've heard around the industry from some suppliers that some suppliers since that time have been paid out their debt and that indeed DSG may be voting now on behalf of that debt because it's bought that debt since the administration. Is that correct? So that some suppliers have been paid out and DSG is now voting their votes today.</p> <p>Chairperson: Yes. Where DSG have taken assignments of creditors' debts, that is correct, they are then able to prove in the administration of Retail Adventures in respect to those debts, and generally it is where they have also paid out those parties for continued supply reasons.</p> <p>Scott Hedge: So if DSG just wanted to win today, they could just buy half the debt and leave the others with five cents.</p> <p>Chairperson: The meeting put is for all creditors here today, and as we go through the voting - as I said, we are going to be calling a poll, so it will become very clear how creditors vote, and we will differentiate between related party creditors and non-related party creditors so you get the understanding of how the vote has been won, if it is won. So on the voting today, that will become clear on what basis the motions are carried, if they are carried.</p>
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	<p>Nick Mastrantonis: Nick Mastrantonis. I represent a number of family trusts as an unsecured creditor. Two questions. If the deed were to go through today, could it be seen as unjustified discrimination regarding the unsecured creditors that have not received any money at all outside of the DOCA?</p> <p>Chairperson: That's a matter for creditors to consider, and there are actions which creditors can take by applying to court if they feel that way. That's not something for me to comment on.</p> <p>Nick Mastrantonis: But as it stands at the moment, there's a substantial amount, call it \$40m to \$50m, of which there's been 100 cents paid out already.</p> <p>Chairperson: There is a substantial number of creditors which DSG have sought an assignment of and, yes, there have been settlements paid against those as well.</p> <p>Nick Mastrantonis: My second question if I may, Mr Chairman. You are waiting for some feedback from ASIC on a report that has been submitted. In your report have you indicated certain areas where wilful misrepresentation was provided by officers of Retail Adventures that induced creditors to provide them goods and services knowing fully well they would not be paying for those goods and services?</p> <p>Chairperson: I can't disclose what's in that report to creditors. But I would say our 439A report has been disclosed to ASIC, as well as our position paper around the insolvency and our investigations that were conducted.</p> <p>Chairperson: Tim and Stephen, I'll just get you to confirm whether or not there are any other questions which have arisen from either Melbourne or Brisbane.</p> <p>No further questions were received.</p>
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Voting on Resolutions

Resolutions

Motions to be resolved on the voices, unless a poll is demanded (Regulation 5.6.19, 5.6.20)

A poll could be demanded by:

- The Chairperson; or
- At least two persons entitled to vote; or
- A person representing not less than 10%

POLL – a resolution is decided by:

1. Majority in number of creditors entitled to vote; and
2. Majority in value of debts of creditors entitled to vote

If the above is not achieved:

The person presiding at the meeting may exercise a casting vote

13 Second Creditors Meeting – September 2013

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Voting on Resolution:

We now move into the formal part of the meeting regarding the Creditors' vote.

At the beginning of the meeting I advised as Chairman I will be calling a Poll in accordance with Regulation 5.6.19 and 5.6.20 on resolutions concerning the future of the Companies.

In accordance with Regulation 5.6.21, after a poll has been called a resolution will be **carried if**:

- A majority of the creditors voting (whether in person, by attorney or by proxy), vote in favour of the resolution; and
- the value of the debts owed to those creditors voting in favour of the resolution is more than 50% of debts owed to all creditors voting.

A resolution is **not carried if**:

- A majority of the creditors voting, vote against the resolution; and
- the value of the debts owed to those creditors voting against the resolution is more than 50% of debts owed to all creditors voting.

If no result is reached, as the Chairperson I may exercise a **casting vote** in favour or against a resolution and the resolution will be carried or not carried respectively. If I choose not to exercise a casting vote the resolution will not be carried.

If creditors are dissatisfied with how the chairperson exercised their casting vote or failed to use their casting vote, you may apply to court for a review of the chairperson's decision. The court may vary or set aside the resolution or order that the resolution is taken to have been passed.

<p>Resolution – Retail Adventures Pty Ltd (Administrators Appointed)</p> <p>The Creditors are invited to vote on whether:</p> <p>a) <i>The Company should execute a Deed of Company Arrangement;</i></p> <p>b) <i>The Administrations should end,</i></p> <p>c) <i>The Company should be wound up in Liquidation and Vaughan Strawbridge, David Lombe and John Greig be appointed Joint and Several Liquidators</i></p> <p><i>NB. Retail Adventures Holdings Pty Ltd (Administrators Appointed) will be dealt with in a separate resolution</i></p> <p><small>14 Second Creditors Meeting – September 2019 © 2019 Deloitte Touche Tohmatsu</small></p>	
<p>The Future of the Company Resolutions</p>	<p>We now invite creditors of RAPL to vote.</p>
<p>Resolution – Retail Adventures Pty Ltd (Administrators Appointed)</p> <p>The Creditors are invited to vote on whether:</p> <p>a) <i>The Company should execute a Deed of Company Arrangement</i></p> <hr/> <p><i>Please use the BLUE polling sheet to vote</i></p> <ul style="list-style-type: none"> • If you are a special proxy you must vote in accordance with that specified on your proxy form • If you are a general proxy and it contains a direction on how to vote, if you choose to vote, you must vote in accordance with that direction, otherwise, you may choose how you wish to vote <p><small>15 Second Creditors Meeting – September 2019 © 2019 Deloitte Touche Tohmatsu</small></p>	
<p>First Resolution</p> <p>Procedure for the Poll</p>	<p>The first resolution we are asking creditors to vote on is:</p> <p>“That the Company should execute a Deed of Company Arrangement”</p> <p>On registering for the meeting, everyone who is entitled to vote should have received 3 Polling forms. The Polling sheet for this resolution is the Blue Polling Sheet.</p> <p>As noted on the slide:</p> <ul style="list-style-type: none"> • If on your proxy form you were instructed as a special proxy you must vote in the manner as specified on the proxy form. • If on your proxy form you were instructed as a general proxy and it contains a direction on how to vote, if you choose to vote, you must vote in accordance with that direction, otherwise, you may choose how you wish to vote <p>We now ask that you all take the Blue polling sheet, complete the details requested and clearly indicate how you wish to vote on this resolution.</p> <p>There are pens available around the room. Once you have made your election please submit your polling sheet to one of my staff members at the tables at the back of the room.</p>

<p>Voting completed</p>	<p>If you have got any questions in respect to the polling sheets or how to cast your vote, please do not hesitate to ask one of my staff</p> <p><i>[voting took place]</i></p> <p>While the voting is collated the meeting was held over until 3:45pm and further to 4:15pm. It was noted that over 700 creditors were being represented by proxy or in person</p>																								
<p>Result</p>	<p>We have collated the votes and the results are as follows:</p> <table border="0"> <tr> <td>• No. in favour</td> <td>601</td> <td>No. against</td> <td>141</td> </tr> <tr> <td>• Value in favour</td> <td>\$48,693,637</td> <td>Value against</td> <td>\$32,301,227</td> </tr> </table> <p>I advise employees voted as follows (included in total above):</p> <table border="0"> <tr> <td>• No. in favour</td> <td>556</td> <td>No. against</td> <td>nil</td> </tr> <tr> <td>• Value in favour</td> <td>\$2,669,267</td> <td>Value against</td> <td>nil</td> </tr> </table> <p>I advise my special proxies were as follows (included in total above):</p> <table border="0"> <tr> <td>• No. in favour</td> <td>nil</td> <td>No. against</td> <td>17</td> </tr> <tr> <td>• Value in favour</td> <td>nil</td> <td>Value against</td> <td>\$4,476,897</td> </tr> </table> <p>• Value of related party debt voted in favour of the resolution was \$34.987m</p> <p>Holdings Vote: Before I declare the result of the Poll I must advise that as the Administrator of Holdings, which is a creditor of RAPL for approximately \$104m, I sought directions from the Court on the manner in which I should vote as proxy holder for Holdings. I also sought directions on whether it would be appropriate to withdraw the Holdings Proof of Debt on the basis it was in breach of various leases agreements to which Holdings was a guarantor.</p> <p>In accordance with directions handed down in Court today, as Administrators of Holdings, we have withdrawn the Holdings Proof of Debt in RAPL and will not participate in today's votes in respect to RAPL.</p> <p>On the basis there was a majority in number and value in favour of the resolution I declare the resolution carried.</p>	• No. in favour	601	No. against	141	• Value in favour	\$48,693,637	Value against	\$32,301,227	• No. in favour	556	No. against	nil	• Value in favour	\$2,669,267	Value against	nil	• No. in favour	nil	No. against	17	• Value in favour	nil	Value against	\$4,476,897
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• No. in favour	nil	No. against	17																						
• Value in favour	nil	Value against	\$4,476,897																						

Not part of the minutes of the meeting – a supplement to the minutes

Review of the Poll – Post the 2nd meeting of creditors

Subsequent to the Poll being taken, my staff and I have undertaken a review of Polling forms submitted and details of the proxies received and proofs of debts admitted for the purpose of the meeting, to ensure the correctness of result of the Poll.

There is no change to the result of the Poll, it is still conclusive that there was a majority in number and value in favour of the resolution.

Part of this process has been to check all votes including validity of proxies and recording of proxies in accordance with instructions received from creditors and the value of debts recorded to the amounts admitted for the purposes of the meeting.

From the review undertaken we have noted amendments to the numbers disclosed at the meeting.

Below is a correct record of the voting.

Retail Adventures Pty Limited (Administrators Appointed)

Result of the Poll conducted at the Second meeting of creditors on 2 September 2013

TOTAL			
No. in favour	606	No. against	152
Value in favour	\$ 46,052,678	Value against	\$ 36,490,655

BREAKDOWN ANALYSIS OF THE POLL

Related party debts:

No. in favour	2	No. against	-
Value in favour	\$ 34,986,958	Value against	-

Detail of the related party debt:

Bicheno Investments Pty Ltd	8,000,000
DSG Holdings Australia Pty Ltd	26,986,958
	<u>\$ 34,986,958</u>

Employee proxies:

No. in favour	545	No. against	-
Value in favour	\$ 2,575,676	Value against	-

Chairperson proxies:

Special proxies:

No. in favour	1	No. against	14
Value in favour	\$ 147,969	Value against	\$ 6,321,838

General proxies:

No. in favour	Nil	No. against	15
Value in favour	Nil	Value against	\$ 1,637,571

Other proxies held:

No. in favour	58	No. against	123
Value in favour	8,342,075	Value against	28,531,246

Resolution – Retail Adventures Holdings Pty Ltd (Administrators Appointed)

The Creditors are invited to vote on whether:

b) The Company should execute a Deed of Company Arrangement

NB: Only creditors of Holdings are able to vote on this resolution. Polling sheets are available at the tables at the back of the room

- If you are a **special proxy** you must vote in accordance with that specified on your proxy form
- If you are a **general proxy** and it contains a direction on how to vote, if you choose to vote, you must vote in accordance with that direction, otherwise, you may choose how you wish to vote

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**Holdings
DOCA
Resolution**

The resolution we are asking creditors of RAHPL to vote on is:

“That the Company should execute a Deed of Company Arrangement”

Only creditors of Holdings are able to vote on this resolution. As there are not many we ask for your patience once again while we conduct this process. The Polling sheets for this resolution, if they have not already been handed out, are at the back of the room.

Again I advise:

- If on your proxy form you were instructed as a special proxy you must vote in the manner as specified on the proxy form.
- If on your proxy form you were instructed as a general proxy and it contains a direction on how to vote, if you choose to vote, you must vote in accordance with that direction, otherwise, you may choose how you wish to vote

Result

We have collated the votes and the results are as follows:

- No. in favour **1** No. against **15**
- Value in favour **\$103.92m** Value against **\$4.998m**

Value of related party debt voted in favour of the resolution was **\$103.92m**

Casting Vote

Casting Vote

We have a position where we have a majority in value for the resolution, but we have a majority in number against the resolution. As a result, as no result has been reached, as the chairperson, I may exercise a casting vote. This is something which we have considered and have had time to consider.

I advise I make my casting vote in favour of Holdings executing a DOCA. I have made my casting vote on the basis of the following:

Unless Holdings votes in favour of executing a DOCA, then the DOCA for RAPL cannot proceed. We have formed the view that it is not in the interests of Holdings for it and RAPL to go into liquidation as in the event of liquidation:

- Holdings security could be challenged by a liquidator appointed to RAPL
- Holdings would likely face a claim as the holding company of RAPL for insolvent trading
- In the event that Holdings and RAPL are liquidated we have not estimated any return to unsecured creditors of Holdings. Accordingly, liquidation does not produce a better outcome for those creditors.

- DSG is a major creditor of Holdings being the secured creditor and accounting for more than 95% of all creditors.
- DSG have advised us it is not in their interest that Holdings goes into liquidation.

In discharging my duties as Administrator of Holdings I must pay significant regard to the interests of the very substantial majority of creditors of Holdings by value. Therefore, for the reasons outlined above, as Administrator of Holdings I have determined to exercise my casting vote in favour of the DOCA.

I therefore declare the resolution carried

Resolution – Retail Adventures Pty Ltd (Administrators Appointed)

The Creditors are invited to vote on the following resolution:

"That the remuneration of the joint and several Administrators, their partners and staff for the period 3 September 2013 to the completion of the Voluntary Administration on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$150,000.00 plus expenses, disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid."

17 Second Creditors Meeting – September 2013

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1st Fee Resolutions

In our report to creditors we advised that in the event that a deed of company arrangement was proposed and accepted by creditors for Retail Adventures, and also Retail Adventures Holdings, we would then seek the approval of the meeting of creditors for certain fee resolutions. Details of these fee resolutions were included in our remuneration report, which was attached to our report to creditors. I'll ask if there's any questions from any of the creditors in respect to those fee resolutions, or the fee reports.

There were no questions.

Please note this resolution will be decided on the voices unless a Poll is demanded.

I put the following resolution to the meeting:

That the remuneration of the joint and several Administrators, their partners and staff for the period 3 September 2013 to the completion of the Voluntary Administration on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$150,000.00 plus expenses, disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid.

Can I ask all in favour please raise their hands. Can I ask all against to please raise their hands.

I note a majority voted **in favour** of the resolution in Sydney.

Tim Norman confirmed majority **in favour** in Melbourne

No voting creditors remained in Brisbane.

I declare the resolution carried.

Resolution – Retail Adventures Pty Ltd (Administrators Appointed)

The Creditors are invited to vote on the following resolution:

"That the remuneration of the Deed Administrators, their partners and staff for the period of the Deed of Company Arrangement on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$500,000.00 plus expenses, disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid."

15 Second Creditors Meeting – September 2019

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2nd Fee Resolutions

The following resolution was put to the creditors of RAPL:

That the remuneration of the Deed Administrators, their partners and staff for the period of the Deed of Company Arrangement on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$500,000.00 plus expenses, disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid.

Can I ask all in favour please raise their hands. Can I ask all against to please raise their hands.

I declare the resolution carried.

It was noted that Mr Scott Hedge abstained from voting

The following resolution was put to the creditors of RAHPL:

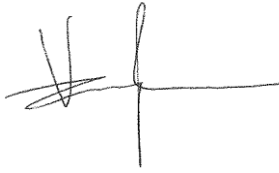
That the remuneration of the Deed Administrators, their partners and staff for the period of the Deed of Company Arrangement on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$500,000.00 plus expenses, disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid.

Can I ask all in favour please raise their hands. Can I ask all against to please raise their hands.

I declare the resolution carried.

It was noted that Mr Scott Hedge abstained from voting

Other business:	Is there any other business that the Creditors wish to bring to the meeting? No questions were received.
Closure of Meeting:	Thank you all for your attendance at today's meeting, we appreciate it has been a long meeting. We will post a copy of the minutes of today's meeting on our website early next week. We will write to you to advise you when the DOCA has been signed. Thank you once again. I declare the meeting close at 4:50pm



.....
V N Strawbridge

Chairman

Dated: 5 September 2013