

20 April 2018

Our Ref: PYP_457365.0003r8

CIRCULAR TO CREDITORS, EMPLOYEES AND GROUP MEMBER CLAIMANTS

Dear Sir/Madam

**RE: SurfStitch Group Limited ACN 602 288 004
SurfStitch Holdings Pty Limited ACN 601 114 603
(Both Subject to a Deed of Company Arrangement) (collectively the Companies)**

John Park, Quentin Olde and Joseph Hansell were appointed Administrators of SurfStitch Group Limited (**SGL**) and SurfStitch Holdings Pty Limited (**SHPL**) on 24 August 2017 pursuant to Section 436A of the *Corporations Act 2001 (Cth)*.

1. Second Meetings of Creditors

The Second Meetings of Creditors were concurrently held on Wednesday, 4 April 2018 (**Second Meeting**).

At the Second Meeting, the majority of creditors of SGL and SHPL separately voted in favour of the Deed of Company Arrangements (**DOCAs**) proposed by EziBuy Holdings Limited (**EziBuy**). Creditors should refer to the Report to Creditors pursuant to s439A of the Corporations Act 2001 dated 16 March 2018, and our subsequent supplementary reports for further details of the EziBuy proposal.

2. Execution of the EziBuy Deed of Company Arrangement

The relevant parties named in the EziBuy proposal, including the Administrators, executed the DOCAs on Wednesday, 18 April 2018.

***Attached** is a Form 509E Notice to Creditors of Execution of a Deed of Company Arrangements for SGL and SHPL.

A copy of the DOCAs have been lodged with the Australian Securities and Investments Commission and are available for inspection upon request.

As a result of the execution of the DOCAs, the Companies are no longer in Voluntary Administration and are now both Subject to Deed of Company Arrangement.

3. Sale of SurfStitch Pty Ltd (SSAU)

On 13 April 2018, SHPL completed the sale of its shares in SurfStitch Pty Ltd (**SSAU**) to Alceon Retail Bidco Pty Limited (**Alceon Bidco**). Related parties of the Alceon Bidco own EziBuy. SSAU and EziBuy are now wholly owned subsidiaries of Alceon Bidco. Consideration for the sale was convertible notes issued by Alceon Retail Holdco Pty Ltd.

The terms of the sale were detailed in our Report to Creditors dated 16 March 2018.

4. Priority and Unsecured Creditors

Under the DOCAs, priority and unsecured creditors (**Creditors**) of SHPL and SGL will receive a return of 100 cents in the dollar.

The Deed Administrators will call for formal proofs of debts from Creditors of SHPL and SGL shortly. Payment of admitted claims of Creditors of SHPL and SGL is anticipated to occur within 2 months of the notice to declare a dividend.

Stakeholders should note, the above assumes no appeals from the Deed Administrators' adjudication and the formal proofs that are lodged are consistent with the Deed Administrators' estimates and the reference to 'Creditors' above does not include Subordinated Claimants (including Group Member Claimants) or existing SGL Shareholders. These parties should refer to the Sections 5 and 6 for details.

5. Subordinate Claimants (including Group Member Claimants)

The Deed Administrators are working with the respective parties to the two Class Actions, to obtain Court approval of the settlement of those proceedings, in accordance with the SGL DOCA.

No action is currently required from Subordinate Claimants (including Group Member Claimants). The Deed Administrators will notify Group Member Claimants following the Court process on any actions required of Group Member Claimants.

6. Existing SGL Shareholders

Under the DOCAs, existing Shareholders of SGL are to receive cash or shares in accordance with the convertible notes issued by Alceon Retail Holdco Pty Ltd.

No action is currently required from existing Shareholders of SGL. Further correspondence will be provided to existing SGL Shareholders at a later date.

7. Previous Circulars

Should you wish to obtain previous Circulars or Reports to Creditors, they can be downloaded via our website link below:

Website Access: <http://www.fticonsulting-asia.com/creditors/surfstitch-group-limited>

Password: 457365.SGL

8. Contact Details

Should Creditors (including priority creditors), Subordinate Claimants (including Group Member Claimants) or SGL Shareholders have queries on the matters raised in this Circular, please direct them as follows:

- **Subordinated Claimants (including Group Member Claimants):**
Link Market Services on srf@linkmarketservices.com.au or 1300 853 809
- **Existing SGL Shareholders**
Link Market Services on srf@linkmarketservices.com.au or 1300 853 809
- **Creditors** (other than Subordinated Claimants or SGL Shareholders):
Paris Parasadi on surfstitch_enquiries@fticonsulting.com or (07) 3225 4900

Yours faithfully
FTI Consulting



Joseph Hansell
Deed Administrator

***Attach.**

Form 509E

Paragraph 450B(a)

Corporations Act 2001 (Cth)

**NOTICE TO CREDITORS OF EXECUTION OF A DEED OF
COMPANY ARRANGEMENT**

**SURFSTITCH GROUP LIMITED
(SUBJECT TO A DEED OF COMPANY ARRANGEMENT)
ACN 602 288 004**

**SURFSTITCH HOLDINGS PTY LIMITED
(SUBJECT TO A DEED OF COMPANY ARRANGEMENT)
ACN 601 114 603**

To creditors of the company

1. Notice is given under section 450B that the company executed a Deed of Company Arrangement on 18 April 2018.
2. A copy of the Deed may be inspected at the following offices of FTI Consulting:
 - a. Level 20, 345 Queen Street, Brisbane QLD 4000
 - b. Level 15, 50 Pitt Street, Sydney NSW 2000

Dated this 20th day of April 2018



Joseph Hansell
Deed Administrator