

POSTIE PLUS GROUP LIMITED (ADMINISTRATORS APPOINTED)
MINUTES OF FIRST CREDITORS MEETING
THURSDAY 12 JUNE 2014, 2:00pm
Ellerslie Convention Centre

The meeting started at 2:00 pm.

- Present:** Attendees in person or proxy, as per attendance register (attached as Appendix A).
- Chairman:** David John Bridgman, joint and several Administrator of the Company took the Chair in accordance with section 239AK(3) of the Companies Act and declared the meeting open.
- The Chairman introduced himself, his fellow joint and several Administrator of Postie Plus Group Limited, Colin Thomas McCloy, and the Administrators' legal advisor, David Perry of Buddle Findlay.
- Media:** The Chairman asked if any representatives of the media could make themselves known. One media representative acknowledged attendance. The Chairman proposed a vote to the creditors regarding whether or not the media could stay. It was resolved by creditors in attendance, based on a show of hands that the media be permitted to stay but not be allowed to make any electronic recording of the meeting.
- Notice of meeting:** The Chairman announced that the meeting was called in accordance with the notice that was mailed to all known creditors of the Company on 4 June 2014 and a form of it was published in The New Zealand Herald and placed on the PwC website on 5 June 2014.
- Attendance register:** The Chairman requested that all persons present ensure that they had signed the attendance register and if they hadn't could they please do so now. The Chairman also advised that only postal votes and proxies that had been received by the time stated in the notice of the meeting were valid and could be used for voting purposes.
- Quorum:** The Chairman noted that a quorum was present as at least three persons entitled to vote were present and therefore declared the meeting open. The Chairman also noted that the meeting was conducted in accordance with the relevant provisions of the 5th Schedule of the Companies Act which covers creditors meetings.
- Voluntary Administration Process:** A short verbal explanation supported by a Powerpoint presentation was given by the Chairman on matters relating to the appointment of himself and Colin McCloy as Administrators and their actions to date (copy of presentation attached as Appendix B).
- The Chairman advised the meeting that the primary objectives of the Administrators are to:
- Maximise the prospects that the Company, or as much as possible of its business, is able to continue in existence as a going concern in order to maximise the returns to creditors and shareholders, or
 - If it is not possible for the Company or its business to continue operating, to then develop alternative strategies to provide a better return to creditors and shareholders than would result from a winding up of the Company.

**Effect of
Appointment:**

The Chairman explained the following:

- That on appointment of Administrators, all claims against the Company are frozen with the exception of the rights of general secured creditors. This provides the Administrators with a moratorium period during which the Administrators will assume control of the Company's business, property and affairs.

Administrators' Role:

While the Company is in Administration the Administrators:

- have control of the Company's business, properties and affairs (replacing the Board);
- may carry on that business and manage that property and those affairs;
- may terminate or dispose off all or part of that business or property;
- may perform any function, and exercise any power, that the Company or any of its officers could perform or exercise if the Company was not in Administration; and
- the Administrators' powers are quite far reaching.

Investigation:

The Administrators must investigate the Company's business property, affairs and financial circumstances and form an opinion on whether it would be in the creditors' interests:

- for the Company to execute a deed of company arrangement (known as a "DOCA");
- for the Administration to end and control of the Company be returned to the directors; or
- for a liquidator to be appointed.

The Chairman further stated that the Administrators' opinion on these matters is to be included in a report that will be sent to creditors prior to what is known as the Watershed Meeting.

A DOCA is a binding arrangement between a company and its creditors governing how the Company's affairs will be dealt with. This is also known as a restructure deed.

Watershed Meeting:

The Chairman advised that unless an extension is granted by the Court, a Watershed Meeting is required to be held within 25 working days of the appointment. The Watershed Meeting will determine the future for the Company and a vote is conducted amongst creditors to determine which one of the three options noted earlier (being a DOCA, the Administration ending or liquidation) should occur.

**Statement of
interests:**

A copy of the signed Statement of Interests is attached as Appendix C. The Chairman noted that:

- As Administrators they are required to table a Statement of Interests to disclose any relationships they as Administrators or of their firm, PwC, has with the Company in Administration, or any of its officers, shareholders, or creditors.
- A similar statement was included in the application for their appointment which was submitted to and approved by the High Court prior to their appointment taking effect (pursuant to Section 280 of the Companies Act).

- The Chairman referred to the slides (slides 6 and 7 of the presentation) and noted that in the interests of time he did not propose to read the statement in its entirety but referred to the following key disclosures:
 - Company: Prior to the appointment PwC carried out an independent business review of the Company during the period August to November 2013 and have since acted in a monitoring role and have overseen liaison with the Company's main secured creditor, Bank of New Zealand. David Bridgman was the partner responsible for these services and Colin McCloy acted as the concurring partner.
 - Bank of New Zealand ("BNZ") – PwC and the Administrators routinely undertake receivership appointments, liquidation appointments (on application to the Court) and undertake a number of independent business reviews at the request of BNZ. A number of these assignments and appointments are ongoing. PwC also provides accounting, taxation and advisory services to BNZ.
 - Inland Revenue Department ("IRD") – PwC nationally is a preferred supplier of liquidation services to the IRD. Both Administrators regularly take liquidation appointments on application to Court by the IRD. PwC also provides accounting, assurance, taxation and advisory services to the IRD.
 - AMP Capital Investors NZ Limited ("AMP Capital") – PwC and one of the Administrators is involved in the provision of financial advisory services in connection with a transaction that AMP Capital is directly involved in.

The Chairman noted that while the relationships do exist, they do not disqualify them from acting as Administrators and will not in any way influence their preference of carrying out the functions, duties and powers of Administrators required under the Companies Act.

**Overview by
Administrators:**

The Chairman advised that he would give creditors a high level overview of the Company and the Administration thus far. He asked creditors to bear in mind that Administrators were only appointed nine days ago:

- Colin McCloy and he were appointed as joint and several Administrators of Postie Plus Group Limited by its directors at 7:50am on Tuesday, 3 June 2014.
- While they were appointed by the Company, their primary legal responsibilities, which are embodied in Part 15A of the Companies Act, are to look after the interests of all creditors of the Company.

Circumstances leading to appointment:

The Company had faced financial difficulties for a period of time due to a combination of factors including:

- declining revenues in a highly competitive and rapidly changing retail market;
- an absence of adequate profitability and cash flow;
- management changes;
- relocation of its head office and distribution from Christchurch to Auckland; and
- a growing level of debt that has ultimately become unsustainable.

The Company was trying to work through this by:

- implementing a range of cost reduction initiatives;
- selling off parts of its business;
- seeking a new cornerstone investor; and more recently
- finding a purchaser for the entire business.

Whilst some of these actions were successful, such as the sale of SchoolTex earlier this year, unfortunately this was not enough. Accordingly, in light of the Company's financial position, its on-going trading difficulties and lack of profitability and cash flow, the Directors decided to appoint Administrators.

Overview of the Company:

The Chairman explained that the Company:

- Has been in existence for just over 100 years;
- Is listed on the NZX with approximately 1,680 shareholders although its shares are currently suspended from trading;
- Has approximately 650 employees;
- A national network of 82 retail stores; supported by
- An Auckland head office and two distribution centres.

The Company's key assets include:

- Inventory;
- Leasehold premises;
- Intellectual property related to the trading business and retail store network.

The Company's known liabilities at the time of the Administrators' appointment were:

• General security holder (Bank of New Zealand)	\$13.5m
• Trade creditors (approximately 200 in total)	\$3.8m
• Employee holiday pay	\$0.8m
• Accruals, taxes and other liabilities	<u>\$3.9m</u>
Total:	\$22m

He further stated that there are a number of contingent liabilities that may materialise depending on other circumstances and how the Administration proceeds. For example: obligations relating to unexpired leases, employee redundancy etc. Should these contingencies materialise, the total amount due to creditors could increase significantly.

Work carried out to date by Administrators:

The Chairman briefly explained the work carried out during the first nine days since the appointment:

- Assumed control of the Company's assets and management oversight of the on-going trading business. Postie Plus has continued to trade throughout.
- Communicated with all employees immediately following their appointment and advised them of the effect that the VA process will have on them.
- Communicated with all known creditors of their appointment and formally advised them of the first meeting.
- Implemented a number of policies pertaining to the Company's on-going trading whilst under Administration, with the objective of maintaining a largely "business as usual approach" for the Company's retail operations.
- Set up a number of new trading administration accounts with creditors.

- Met with and regularly updated the BNZ, as the Company's main secured creditor and other significant creditors and key stakeholders, in an effort to obtain their on-going support.
- Signed a heads of agreement in relation to a conditional sale of the Company's business and assets to a credible international retail group. The Chairman emphasised that this proposed transaction is only conditional and the intended purchaser is currently working through their due diligence. Whilst the signs are encouraging that this sale will go unconditional and be completed at the end of June, at this stage there can be no certainty around this.
- Working through back up strategies should the proposed sale of the business not proceed.
- Arranged Creditors' Meeting.
- The Administrators wishes to record their gratitude for the patience and support that customers have shown Postie Plus thus far during the Administration.
- Applied to Court on 11 June for an extension of the period before the Watershed Meeting is required to be convened. Without this it would be required to be held by 8 July. In the Administrators' view this timeframe would be too short to be able to progress matters to the stage where they can present a clear recommendation to creditors as to the future of the Company.

Administrators' next steps: The Chairman presented an overview of the Administrators' strategy between now and the watershed meeting:

- Continue to do everything they can to progress the conditional sale of the business. Their key objective is to achieve the sale;
- Develop alternative strategies should this sale not proceed;
- Ensure that it is "business as usual" to the maximum extent possible as regards the Company's retail operations;
- They are now in the midst of engaging with the Company's landlords in respect of premises and with creditors in respect of on-going supply and trading issues ;
- Consider the alternative options available to the Company and provide a recommendation to creditors on this ahead of the Watershed Meeting.

Director's Estimated Statement of Financial Position: The Chairman advised that since significant input will be required from senior Company management to assist with the preparation of this statement and given the pending sale of the Company's assets and the sensitive nature of some of this information, the Administrators have granted the Directors an extension of time for preparing this statement, and it will be presented at the Watershed Meeting.

Questions: The Chairman opened the floor for questions. The questions received and responses were as follows:

Q 1. (Debbie Sue from Glacier Investments) What steps are being taken in relation to ongoing advertising and promotions, and how far ahead has that been committed to?

A. The Chairman answered that plans are well advanced in terms of marketing mailers for July advertising and there is an existing calendar of promotions extending well beyond July.

Q 2. (Mark Hayden – Advance Retail) Is the Watershed Meeting occurring before or after the sale of the business?

A. The Chairman responded that the Administrators have the power to dispose of all or part of Company's business and assets at any time during the Administration, meaning a transaction could take place before the Watershed Meeting. There is no requirement that the Watershed meeting has to occur before the sale of business.

Q 3. (Craig McCallum from Longbeach) What backup strategies have been adopted by the Administrators in case the sale does not go through?

A. The Chairman responded that it is a commercially sensitive matter and hence details could not be disclosed. He added that there are other parties interested in acquiring the business.

Q 4. (Gwenda Reece from Woodhouse Apparel) What purchase order commitments has the Company has entered into?

A. The Chairman replied that the Administrators are endeavouring to continue business as usual to the maximum extent possible and work alongside management on the various commitments as best as they can and in the interests of the creditors. The Chairman added that he was not prepared to discuss in this meeting the position in relation to individual creditors and their outstanding orders.

Q 5. (Craig McCallum from Longbeach) Has the Court granted the extension for the Watershed Meeting?

A. The Chairman replied – Not yet. The Application has been put before the Court and a response is awaited.

Q. 6 (Craig McCallum from Longbeach) What date have you requested the extension of the Watershed meeting to?

A. The Chairman replied – 1st September 2014.

Q 7. (Robert Reid from First Union) In your investigations so far is there anything suggesting fraud which has led to the demise of the Company?

A. The Chairman stated that the Administrators have a duty to investigate the affairs of the Company. Based on all inquiries and observations to date, there is no evidence of any fraud involved whatsoever. The Chairman referred back to his previous summary of some of the factors that had contributed to the Company being placed in Administration.

Q 8. Was PwC involved in or does PwC have knowledge of the sale of SchoolTex?

A. The Chairman answered that the Administrators were involved in the sale of SchoolTex insofar as they were monitoring the Company's performance at the relevant time the sale took place, the outcome of which helped the Company to reduce its debt levels.

Q 9. (Brent Talbot from Soltius) The extension of time, if granted, for holding the Watershed Meeting seems long. Will creditors receive any information in the meantime? What is the date of extension?

A. 1st September. It is not a particularly long period for creditors to have to wait to receive information as if the Company was in receivership or liquidation, creditors would have to wait longer.

David Perry, the Administrators' legal advisor, subsequently added a clarification to the question in relation to date of extension as 1st September, and advised that the Court has not yet granted the extension. He also advised that although it may seem lengthy, there is no obligation to hold the Watershed Meeting on 1st September – it can be held at any time up to this date, so it could be convened earlier.

Q 10. (Mark from Advance Retail) What is the likely percentage of recoveries?

A. The Chairman responded that at this stage it is too early in the Administration to make any prediction regarding the likely extent of recoveries, and in particular what monies may be available for unsecured creditors. The Chairman did note that there are assets in the Company outside of those that are proposed to be sold as part of the conditional sale that has been announced, which may have the prospect of yielding a recovery for the benefit of creditors.

Q 11. (Robin Cooper from Ragna Lodbrook Trust) Are you satisfied that the HoA you have signed is the best possible outcome? Has the announcement of VA had any impact on sales?

A. The Chairman responded that it is too early to comment on the 2nd question since the VA commenced, sales have sometimes been above forecast and sometimes below. Administrators' staff have visited 40 stores, they have spoken and continue to speak to store managers to maintain morale and the sales impetus.

Regarding the first question, the Chairman advised that prior to Administration, the Company had, through several advisors, approached quite a number of firms in relation to the potential sale of the business, these included: local industry participants, international retailers, PE firms etc. The company that has signed the HoA has the money and the ability to work to tight timeframe.

Q 12. (Gwenda Reece from Woodhouse Apparel) Does the Company have inventory issues? Or too much inventory?

A. The Chairman stated that the Company's inventory position fluctuates and would not comment further.

Q. 13 (John Anthony from Fairfax Media) What is the value of the Company's assets?

A. The Chairman responded that he did not have the figure immediately available but undertook to provide it later in the meeting.

The Chairman later informed the meeting that the Company's total assets, based on its most recent unaudited monthly management accounts, were recorded at approximately \$25m.

Voting:

The Chairman outlined the details of how the voting would work at the meeting pursuant to Section 239AX the Act. The Chairman covered the following points:

- A resolution is adopted if a majority in number representing at least 75% in value of the creditors voting, whether in person, by proxy or by postal vote, vote in favour of the resolution. All creditors are considered as a single class for the purpose of the two resolutions at this Creditors' Meeting.
- In the unlikely event that voting according to number and value results in a deadlock, the Chairman may exercise a casting vote.
- Only creditors present in person, by proxy or attorney may vote at the meeting.
- Voting is based on one vote for each dollar owed to creditors. There are no classes of creditors for voting purposes at this meeting. Therefore all secured and unsecured creditors voting have the same weighting, based on the respective amounts of their debt due from the Company.
- The value of voting at the meeting today is based on the monetary amounts creditors (excluding employees) have submitted in their claim forms where the Administrators believe these claims are reasonable.
- To the extent the Administrators disagree with the stated amount we have estimated an amount for that creditor's claim.
- Employee creditors value for voting purposes is based on the amounts recorded in the Company's payroll system as owing to each employee as at 1 June 2014.
- The vote will be taken via the paper ballot form that creditors each received on arrival at the meeting.

Creditors' Claim Forms and Proxies

The Chairman further explained that given the tight timeframes for this first creditors' meeting and the uncertain delivery times experienced with the postal system which have delayed receipt by some creditors of the creditors' package and in turn delayed receipt of correspondence sent to the Administrators by those creditors, the

Administrators have decided to accept and count all postal votes received prior to 10:00am on 12 June. The creditors will note that this is after the statutory deadline for receipt of postal votes, however, they have exercised discretion as to timing of receipt so as to ensure that the votes and interests of such creditors are duly taken into account at this meeting, this being in the best interests of all creditors.

He further advised that:

- i creditor's claims are admitted only for the purpose of voting at this meeting but do not necessarily rank for distribution purposes should one occur at a future stage.
- ii creditors present or represented, in respect of debts where a creditor's claim has not been submitted are able to attend the meeting as observers only but such creditors are unable to vote.

Resolutions: The Chairman introduced the two resolutions that were being proposed:

- Whether to replace the Administrators;
- Whether to appoint a Creditors' Committee.

Replacement of Administrators: The Chairman stated that the creditors have the right to replace the Administrators and appoint someone else as the Administrators of the Company. He noted that he had not been advised of any nominations for an alternative Administrator and asked the meeting whether there were any nominations for a replacement Administrator. There were no responses.

The Chairman recorded that since no alternative Administrator was nominated, the current Administrators position is confirmed and consequently there would be no vote on that resolution.

Committee of creditors: The Chairman noted that under the Companies Act, creditors of the Company may appoint a committee of creditors.

The functions of such committee are to:

- a consult with the Administrator about matters relating to the Administration; and
- b receive and consider reports by the Administrator.

In the Administrators' view the **advantages** of such committees are:

- expert and knowledgeable assistance
- convenience, in that it is easier to consult with a representative group of creditors rather than creditors at large on day-to-day issues
- assist in ascertaining the views of creditors.

In the Administrators' view the **disadvantages** of such a committee are:

- they can add additional significant cost to the Administration due to the time taken by the Administrator reporting to and liaising with the committee
- the interests of an individual creditor on the committee may conflict with what is in the best interests of all creditors or a particular class of creditors
- creditors on the committee may have differing views which can result in the committee becoming dysfunctional.

A person can only be a member of the Committee if he or she is:

- a creditor of the Company;
- the agent of a creditor under a general power of attorney; or
- authorised in writing by a creditor to be a member.

Membership of the committee is an honorary role and the advice given by creditors is just that, advice. It is not binding on the Administrators although it may be persuasive. While the committee cannot give directions to the Administrator, the Administrator must report to the committee about matters relating to the Administration as and when the committee reasonably requires.

Before considering nominations for the Creditors' Committee, the Chairman first called for a vote to see whether creditors wish one to be established.

The Chairman noted that he had received the following proxies:

	Number	Value (\$)
General	62	812,383
For	36	718,946
Against	14	24,967

The Chairman also noted that he had received the following postal votes in relation to the Creditors' Committee resolution:

	Number of Creditors				Number in Value (\$)			
	For	Against	Abstain	Invalid	For	Against	Abstain	Invalid
It is resolved that a Creditors' Committee be appointed	136	76	14	10	254,449	113,964	16,988	10,147

Certificate of postal votes:

The Chairman tabled the certificate of postal votes to the meeting. A copy is attached as Appendix D.

Adjournment for counting votes:

Having asked all creditor representatives present at the meeting to complete their voting form in respect of the second resolution, the Chairman announced a temporary adjournment of the meeting so that the votes could be counted.

Outcome of voting:

The Chairman announced the following results from the voting:

	Number of Creditors				Number in Value			
	For	Against	Abstain	Invalid	For	Against	Abstain	Invalid
It is resolved that a Creditors' Committee be appointed	209	113	25	10	4,200,662	501,070	13,673,920	10,147
Percentages (%)	64.91	35.09			89.34	10.66		

The Chairman recorded that as the resolution received higher than a majority in number representing more than 75% in value of creditors, it had been duly passed and a committee of creditors will be established.

The Chairman noted that in view of creditors vote endorsing the establishment of a creditors committee, he would now like to call for nominations for creditors to be appointed to the committee. He suggested that the committee comprises an odd number of members, say 5 or 7. It would make sense that some of the larger creditors be appointed along with a representative from the secured creditors and an employee's representative should they so desire. He further advised that when nominating a person for the committee, the proposing creditor should state their name, who they represent and who they are nominating. Once a suitable number is obtained, the Chairman advised that he would then put the motion to the meeting that those nominated creditors or their representatives be appointed to the committee.

Following a request made to these creditor representatives in attendance, the Chairman advised the following nominations for the Creditors' Committee:

- Craig McCallum, Longbeach Holdings Limited
- Gwenda Reese, Woodhouse Apparel Limited
- Bronwyn Smith, Fio Fashions Limited
- Jillian Paul, Postie Plus Group Limited (Administrators Appointed)
- Rochelle Scanlon, NZ Post Group/Express Couriers
- Robert Reid, First Union
- Steve Kane, Y&R Limited

The Chairman proposed the motion that the above named representatives be confirmed as constituting the Creditors Committee.

Moved: Greg Sherrif, Grant Thornton

Seconded: Grant Stewart, Topline

Result: The Chairman declared the motion carried based on a show of hands.

Other items of business:

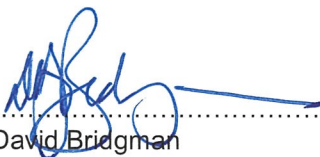
The Chairman called for any other items of business or other matters that creditors wished to raise, or any further questions. There were no further items of business, other matters or questions raised.

The Chairman advised the meeting that updates on the status of the Administration could be found at the website www.pwc.co.nz/postie_plus and encouraged those at the meeting to visit the website.

Closure:

There being no further business, the Chairman declared the meeting closed at 3:27pm.

Signed as a correct record:



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David Bridgman
Chairman

Date:

24th June 2014

List of Appendices:

Appendix A: Attendance register

Appendix B: Powerpoint Presentation

Appendix C: Statement of Interests

Appendix D: Certificate of Postal Votes

Postie Plus Group Limited (Administrators Appointed Meeting Attendance Register)

Creditor Name	Attendee Name	Position	Employee Attendee Name	Observer Attendee		Observer Company Name	Position Held	PwC Staff	Buddle Findlay
Aquarius Design Limited	Matt Buckeridge	Sales Manager	Amanda Murch	Leesa Teaber	Jacqueline Phillips	Butland Holdings	Admin Manager	David Bridgman	David Perry
Argosy Properties No1 Limited	Joanna Sharpe	Asset Manager	Cushla Howie	Hannah Beech	Angela Sew Hoy	Fio Fashions Limited		Colin McCloy	Scott Abel
Auckland Council Property Limited	Nicole Dannhauser	Property Manager				Glacier Investments Limited		Lara Bennett	Matthew Triggs
Bank of New Zealand	Gerard Sare	Head of SBS	Iris Chua			Converga, Express Couriers			
BDR Max Limited	Jason Hall	CEO	Lisa Gorecki-Whapshott			Limited & NZ Post Limited		Rebecca Almond	
Butland Holdings	Gordon Fountain	CEO	Louisa Harris			KPMG	Manager	Meeta Patel	
Fio Fashions Limited	Bronwyn Smith	Director	Jillian Paul			KPMG	Analyst	Justine St John	
Glacier Investments Limited	Debbie Sew Hoy	Director	Marryanne Galumalemana			KPMG	Analyst	Nita Pinto	
Grant Thornton	Greg Sherriff	Associate	Nila Galumalemana			Y & R Limited	Managing Director	Rachael Smith	
Griffiths Millennium Limited	Grant Griffiths	Property Manager	Rajeesan Balakeyan			Fairfax Media	Business Journalist		
Longbeach Holdings	Craig McCallum	CEO & proxy for Suzhou							
Ragnar Lodbrok Trust	Robin Cooper	Hengseng I/E Co., Ltd	Susan Wells						
Revera Limited	John Elliott	Trustee	Violeta Limaco						
Solitus New Zealand Limited	Brent Talbot	Director	Richard Binns						
Subway Investments Limited	Nigel Muir	CFO							
Webstar - a division of Blue Star Group		Property Manager							
(New Zealand) Limited	Jeantelle Greyling	Finance Manager							
Woodhouse Apparel Limited	Gwenda Reece	Managing Director							
Y & R Limited	Melissa Hill	Financial Director							
Advance Retail Technology Limited	Mark McGeachen	CEO							
Converga, Express Couriers Limited & NZ Post Limited	Rochelle Scanlon	Business Strategy Manager							
KPMG	Vivian Fatupaito	Director							
Topline Clothing Distributors	Graeme Stewart	Director							
Robert Reid		General Secretary & acting as proxy for 6 employees							
	F1rst Union								

www.pwc.co.nz/postieplus

postie

Postie Plus Group Limited (Administrators Appointed)

First Meeting of Creditors

Ellerslie Convention Centre
12 June 2014

pwc

Agenda

- Formalities
- Voluntary Administration Process
- Statement of Interests
- Overview by Administrators
- Questions
- Voting procedure
- Resolutions
- Outcome of Voting
- Closure of Meeting

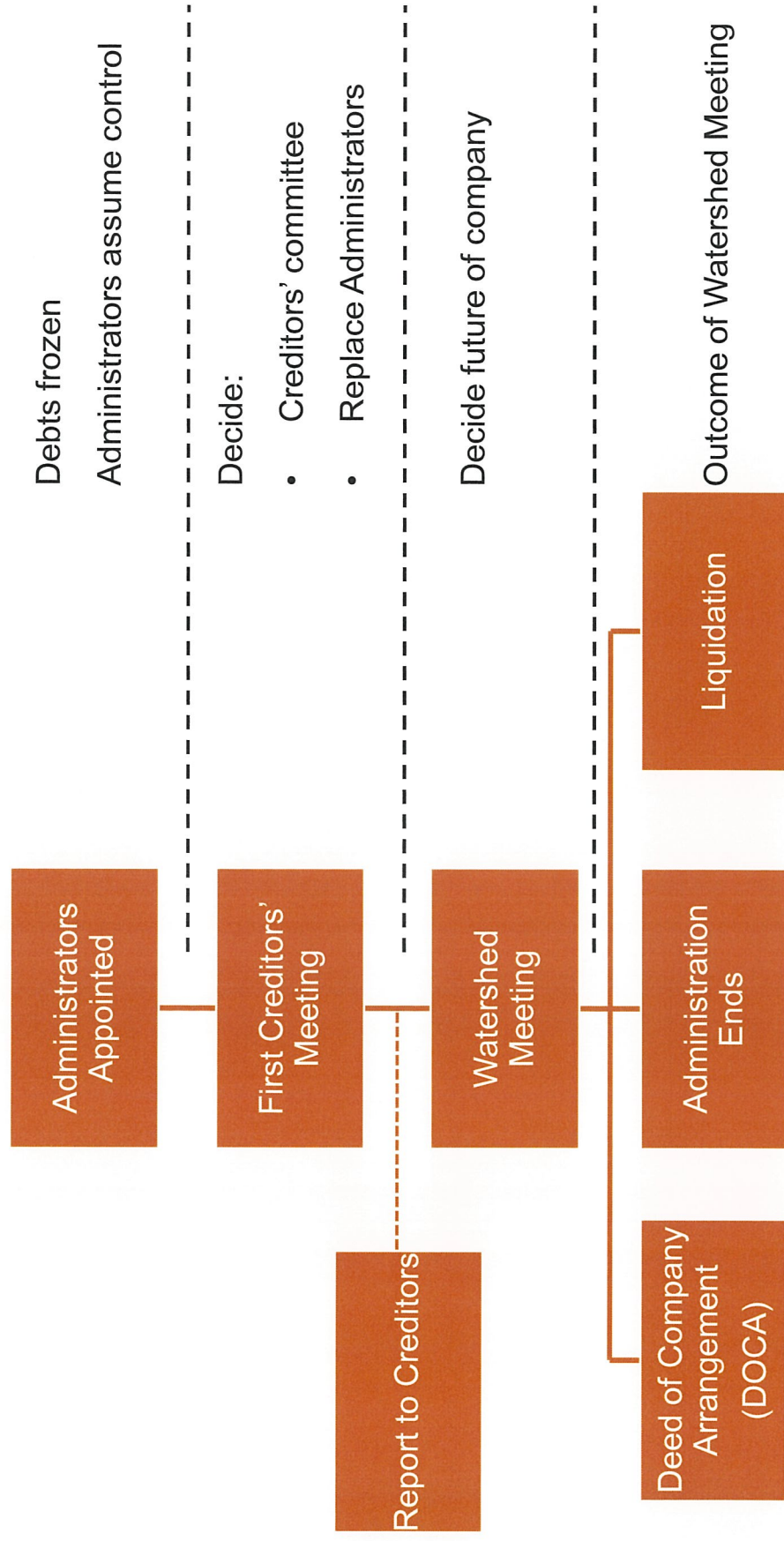
Formalities

- Chairperson
- Media
- Notice of meeting
- Attendance register
- Quorum

Voluntary Administration (VA) Process

- Key Objectives
 - Maximise chances to continue business as going concern; or
 - Develop alternative strategies to provide a better outcome than winding up the company
- Effect of appointment
 - Debts frozen
 - Moratorium period
- Administrator's Role
 - Take control and manage the business
 - May dispose of business or perform any duties that the company or its officers could carry out prior to administration

Voluntary Administration Process (cont'd)



Statement of Interests

Postie Plus Group Limited (Administrators Appointed)

Statement of Interests

Pursuant to section 239AP of the Companies Act 1993 ("the Act")

Section 239AP of the Act requires disclosure in respect of whether the Administrator or the firm of which the administrator is a partner, has a relationship with the company in administration, or any of its officers, shareholders, or creditors.

Prior to consenting to our appointment as Administrators we disclosed relationships that the Administrators and PwC had with the Company and its secured creditors to the High Court. As disclosed in the information already sent to creditors, the Court confirmed notwithstanding these relationships the appointment could still take place.

PricewaterhouseCoopers ("PwC") is the largest professional services firm in New Zealand with approximately 1,250 partners and staff based in seven cities throughout New Zealand. It is therefore inevitable that a substantial number of relationships will exist that are required to be disclosed. Given the number of creditors (more than 200 trade creditors and approximately 650 employees) and the number of shareholders (approximately 1,600) it is possible that relationships exist that are required to be disclosed which we have been unable to identify. However, the Administrators are confident that any material relationships have been disclosed.

Except as detailed below we have undertaken a search of our client database billing system to determine relationships with the Company, its officers, creditors of the company and shareholders.

Postie Plus Group Limited (Administrators Appointed)
PwC

Given the Company is publicly listed on the NZX and has approximately 1,600 shareholders, only shareholders holding more than 0.5% of the voting rights in the Company were included in our enquiries. The Company has approximately 650 employees who the majority of which are creditors of the Company as they are owed holiday pay. We have only made relationship checking enquiries in relation to the Board and executive management team as it is not practical to conduct this for all employees. On this basis, the Administrators are not aware of any relationships with employees that require disclosure.

Concerning relationships identified, we make the following disclosures:

Relationships with the Company and its officers

- Prior to our appointment PwC carried out an independent business review of the Company during the period August to November 2013 and have since acted in a monitoring role and have overseen liaison with the Company's main secured creditor, Bank of New Zealand. David Bridgman was the partner responsible for these services and Colin McCloy acted as the concurring partner.

Relationships with creditors where the Administrators have had direct involvement

- Bank of New Zealand ("BNZ") – PwC and the Administrators routinely undertake receivership appointments, liquidation appointments (on application to the Court) and undertake a number of independent business reviews at the request of BNZ. A number of these assignments and appointments are ongoing. PwC also provides accounting, taxation and advisory services to BNZ.

12 June 2014
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Statement of Interests (cont'd)

- Inland Revenue Department ("IRD") – PwC nationally is a preferred supplier of liquidation services to the IRD. Both Administrators regularly take liquidation appointments on application to Court by the IRD. PwC also provides accounting, assurance, taxation and advisory services to the IRD.
- AMP Capital Investors NZ Limited ("AMP Capital") – PwC and one of the Administrators is involved in the provision of financial advisory services in connection with a transaction that AMP Capital is directly involved in.

Relationships with creditors where the Administrators have had no involvement

PwC provide accounting, taxation, assurance or advisory services to the following creditors. Neither of the Administrators have had any involvement with the provision of these services to any of the parties in the past two years:

New Zealand Comfort Group Limited	McPherson's Consumer Products
Ricoh Finance New Zealand Limited	Recall New Zealand Limited
Ricoh New Zealand Limited	Vodafone New Zealand Limited
Fleet Partners New Zealand Limited	Kiwi Income Property Trust
Designer Textiles International Limited	Telecom New Zealand Limited
Telecom Rentals Limited	Meridian Energy Limited
Fujitsu New Zealand Limited	Fio Fashions Limited
Coca Cola Amatil (NZ) Limited	Punjias (NZ) Limited
C S Company Limited	Auckland International Airport Limited
Trade Me Limited	New Zealand Customs Service
Amp Capital Investors NZ Limited	A.J. & B.O. Rutherford
Envirowaste Services Limited	Commercial Properties
Unilever New Zealand Limited	J D Souness Limited

Postie Plus Group Limited (Administrators Appointed)
PwC

Ecolab New Zealand	Pragma Fashions 2013 Limited
New Zealand Post Limited	Z Energy Limited
NZRPG Management Limited	The Warehouse Group Limited

Relationships with shareholders where the Administrators have had no involvement

PwC provides accounting, taxation, assurance or advisory services to the following shareholders. Neither of the Administrators have had any involvement with the provision of these services in the past two years:

- ASB Nominees Limited

Whilst the above relationships exist, they do not disqualify us from acting as Administrators under the Act and, in any case, will in no way influence our performance as Administrators of the Company in carrying out the functions, duties, and powers of Administrators as required under the Act. At all times we will act professionally and to the standards that are required of members of the New Zealand Institute of Chartered Accountants.

Dated: 12 June 2014

David Bridgman
Administrator

Colin Thomas McCloy
Administrator

Overview by Administrators

- Postie Plus has been in existence for just over 100 years;
- Listed on the NZX with approximately 1,680 shareholders
- 650 employees
- National network of 82 Stores
- Auckland head office and two distribution centres
- Key Assets
 - Inventory
 - Leasehold premises
 - Intellectual Property

Overview by Administrators

- Known Liabilities (per Company records)

	(\$m)
GSA Holder	13.5
Trade Creditors	3.8
Employee obligations	0.8
Accruals, Taxes, and Liabilities	3.9
Total*	22.0

*Likely to be understated due to invoices not received and contingent creditors

Overview by Administrators

Work carried out to date

- Assumed control of company assets and trading business
- Communicated with all employees and known creditors
- Implemented revised retail trading and purchasing policies
- To the maximum extent possible maintained “business as usual” for the Company’s retail operations
- Set up new trading administration accounts
- Regularly updated Company’s main secured creditor, as well as liaising with other creditors and key stakeholders
- Signed conditional Heads of Agreement for the sale of Company’s business
- Working through back up strategies should sale not proceed
- Grateful for the patience and support from customers
- Applied to Court for an extension of the period before the Watershed Meeting is required to be convened

Overview by Administrators

Next Steps

- Continue to progress the conditional sale of the business
- Develop alternative strategies should the sale not proceed
- To the maximum extent possible continue with “business as usual”
- Engage with the Company’s landlords in respect of premises and with creditors in addressing on-going supply and trading issues
- Consider the alternative options available to the Company and provide a recommendation to creditors on these options ahead of the Watershed Meeting

Director Statement of Position

- Extension granted to the Directors in relation to the timeframe for submitting their statement of the Company's position

Questions

- When asking a question, please state your name and where applicable, the company you represent.

Voting

- Resolution adopted where majority in number representing 75% in value vote in favour
- Voting is based on one vote for each dollar owed to creditors
- Value is based on the amount submitted in claim where reasonable
- If Administrators disagree with claim, entitled to estimate
- Employee creditor's value based on the value recorded in the Company's payroll system
- Claims are admitted only for the purposes of voting at this meeting

Resolutions – Replacement Administrators

- If there is any alternative Administrator to be nominated can they please come forward with their Statement of Interests and Consent to Act.
- If no alternative Administrator nominated the matter will not be voted on.

Resolution

- *“It is resolved to replace David John Bridgman and Colin Thomas McCloy as Administrators of the Company with _____”*

Resolutions – Creditors’ Committee

Purpose	Advantages	Disadvantages
<ul style="list-style-type: none"> • Consult with administrator • Receive and consider reports 	<ul style="list-style-type: none"> • Expert knowledge • Convenience of consulting with a small group • Understanding views of creditors 	<ul style="list-style-type: none"> • Additional costs • Differing views can result in dysfunctional committee • Conflicting interests

Resolution

“It is resolved that a Creditors’ Committee be appointed.”

Chairperson Proxies

Creditors' Committee

	Number	Value (\$)
General	62	812,383
For	36	718,946
Against	14	24,967

Replacement Administrators

	Number	Value (\$)
General	62	812,383
For	0	-
Against	37	709,411

Postal Votes Received

	Number of Creditors				Number in Value (\$)			
	For	Against	Abstain	Invalid	For	Against	Abstain	Invalid
It is resolved that a Creditors' Committee be appointed	136	76	14	10	254,449	113,964	16,988	10,147

Outcome of voting

	Number of Creditors				Number in Value			
	For	Against	Abstain	Invalid	For	Against	Abstain	Invalid
It is resolved that a Creditors' Committee be appointed	209	113	25	10	4,200,662	501,070	13,673,920	10,147
Percentages (%)	64.91	35.09			89.34	10.66		

For a resolution to pass it requires a majority in number (i.e over 50%) representing at least 75% in value of those voting on the resolution at the meeting or by postal vote or by proxy vote to vote in favour.

Closure

- Updates
 - Reports will be issued prior to Watershed Meeting
 - www.pwc.co.nz/postieplus
- Meeting closed
- Thank you for your attendance

Postie Plus Group Limited (Administrators Appointed)

Statement of Interests

Pursuant to section 239AP of the Companies Act 1993 ("the Act")

Section 239AP of the Act requires disclosure in respect of whether the Administrator or the firm of which the administrator is a partner, has a relationship with the company in administration, or any of its officers, shareholders, or creditors.

Prior to consenting to our appointment as Administrators we disclosed relationships that the Administrators and PwC had with the Company and its secured creditors to the High Court. As disclosed in the information already sent to creditors, the Court confirmed notwithstanding these relationships the appointment could still take place.

PricewaterhouseCoopers ("PwC") is the largest professional services firm in New Zealand with approximately 1,250 partners and staff based in seven cities throughout New Zealand. It is therefore inevitable that a substantial number of relationships will exist that are required to be disclosed. Given the number of creditors (more than 200 trade creditors and approximately 650 employees) and the number of shareholders (approximately 1,600) it is possible that relationships exist that are required to be disclosed which we have been unable to identify. However, the Administrators are confident that any material relationships have been disclosed.

Except as detailed below we have undertaken a search of our client database billing system to determine relationships with the Company, its officers, creditors of the company and shareholders.

Given the Company is publicly listed on the NZX and has approximately 1,600 shareholders, only shareholders holding more than 0.5% of the voting rights in the Company were included in our enquiries. The Company has approximately 650 employees who the majority of which are creditors of the Company as they are owed holiday pay. We have only made relationship checking enquiries in relation to the Board and executive management team as it is not practical to conduct this for all employees. On this basis, the Administrators are not aware of any relationships with employees that require disclosure.

Concerning relationships identified, we make the following disclosures:

Relationships with the Company and its officers

- Prior to our appointment PwC carried out an independent business review of the Company during the period August to November 2013 and have since acted in a monitoring role and have overseen liaison with the Company's main secured creditor, Bank of New Zealand. David Bridgman was the partner responsible for these services and Colin McCloy acted as the concurring partner.

Relationships with creditors where the Administrators have had direct involvement

- Bank of New Zealand ("BNZ") – PwC and both the Administrators routinely undertake receivership appointments, liquidation appointments (on application to the Court) and independent business reviews at the request of BNZ. A number of these assignments and appointments are ongoing. PwC also provides accounting, taxation and advisory services to BNZ.
- Inland Revenue Department ("IRD") – PwC nationally is a preferred supplier of liquidation services to the IRD. Both Administrators regularly take liquidation appointments on application to Court by the IRD. PwC also provides accounting, taxation and advisory services to the IRD.
- AMP Capital Investors NZ Limited ("AMP Capital") – PwC and one of the Administrators is involved in the provision of financial advisory services in connection with a transaction that AMP Capital is directly involved in.

Relationships that PwC has with creditors where the Administrators have had no involvement

PwC provide accounting, taxation, assurance or advisory services to the following creditors. Neither of the Administrators have had any involvement with the provision of these services to any of the parties in the past two years:

- New Zealand Comfort Group Limited
- Ricoh Finance New Zealand Limited
- Ricoh New Zealand Limited
- Fleet Partners New Zealand Limited
- Designer Textiles International Limited
- Telecom Rentals Limited
- Fujitsu New Zealand Limited
- Coca Cola Amatil (NZ) Limited
- C S Company Limited
- Trade Me Limited
- Amp Capital Investors NZ Limited
- Envirowaste Services Limited
- Unilever New Zealand Limited
- Ecolab New Zealand
- New Zealand Post Limited
- NZRPG Management Limited
- McPherson's Consumer Products
- Recall New Zealand Limited
- Vodafone New Zealand Limited
- Kiwi Income Property Trust
- Telecom New Zealand Limited
- Meridian Energy Limited
- Fio Fashions Limited
- Punjas (NZ) Limited
- Auckland International Airport Limited
- New Zealand Customs Service
- A.J. & B.O. Rutherford
- Commercial Properties
- J D Souness Limited
- Pragma Fashions 2013 Limited
- Z Energy Limited

Relationships that PwC has with shareholders where the Administrators have had no involvement

PwC provides accounting, taxation, assurance or advisory services to the following shareholders. Neither of the Administrators have had any involvement with the provision of these services in the past two years:

- ASB Nominees Limited

Whilst the above relationships exist, they do not disqualify us from acting as Administrators under the Act and, in any case, will in no way influence our performance as Administrators of the Company in carrying out the functions, duties, and powers of Administrators as required under the Act. At all times we will act professionally and to the standards that are required of members of the New Zealand Institute of Chartered Accountants.

Dated: 12 June 2014



David John Bridgman
Administrator



Colin Thomas McCloy
Administrator

Postie Plus Group Limited (Administrators Appointed)

Certificate of Postal Votes for First Meeting of Creditors

pursuant to Clause 7(5)(c) of the Fifth Schedule of the Companies Act 1993 (the "Act")


To: David Bridgman and Colin McCloy
The Administrators

I, David Bridgman, being the person authorised (in accordance with the clause 7(3) of the Fifth Schedule of the Act) to receive and count postal votes at the creditors' meeting scheduled for 2:00 pm on 12 June 2014 certify that:

- (a) I have collected together all postal votes received; and
- (b) In relation to each of the two resolutions to be voted on at that meeting I have:
 - (i) counted the number of creditors voting in favour of the resolution and determined the total amount of the debts owed by the Company to those creditors; and
 - (ii) counted the number of creditors voting against the resolution and determined the total amount of the debts owed by the Company to those creditors; and
- (c) The result of such count and determination is as follows:

	Number of Creditors				Number in Value (\$)			
	For	Against	Abstain	Invalid	For	Against	Abstain	Invalid
It is resolved that a Creditors' Committee be appointed	136	76	14	10	254,449	113,964	16,988	10,147
It is resolved to replace David John Bridgman and Colin Thomas McCloy as Administrators of the Company with: _____	NIL	193	16	27	NIL	314,577	49,007	31,964

Dated: 12 June 2014



David Bridgman

Authorised person to Count Postal Votes