

**RETVA LIMITED (ADMINISTRATORS APPOINTED)  
(FORMERLY POSTIE PLUS GROUP LIMITED)  
MINUTES OF WATERSHED MEETING OF CREDITORS  
MONDAY 8 SEPTEMBER, 11:00AM  
LEVEL 22, PwC AUCKLAND**

The meeting started at 11:00am.

- 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 1993 (the Act) and declared the meeting open.
- The Chairman introduced himself, his fellow joint and several Administrator of Retva Limited, Colin Thomas McCloy, and the Administrators' legal advisor, David Perry of Buddle Findlay.
- Media:** The Chairman asked if any representatives of the media were present at the meeting. There were none.
- 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 and placed on the PwC website on 29 August 2014 and also published in The New Zealand Herald on 1 September 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 5 September 2014 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 being 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 in accordance with the Act the key 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; and
- 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

**.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 was included in a report that was sent to all creditors on 29 August 2014 and will be discussed further during the course of this meeting.

**Watershed Meeting:**

The Chairman advised that unless an extension is granted by the Court, a Watershed Meeting is required to be convened within 25 working days of the appointment. In this instance the High Court approved an extended timeframe for convening the Watershed Meeting to 1 September 2014, and the Meeting to be held within five working days from that date. 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.

**Watershed Meeting:**

The Chairman explained that the main purpose of the Watershed Meeting is to decide the future of the Company. There are four possible outcomes from this meeting:

- The meeting can be adjourned for up to 30 working days to give the Administrators further time to put together a DOCA for the Company (Section 239AZ(1));
- The Creditors can agree to accept the terms of a proposed DOCA (Section 239ABA(a)) in which case the Administrators and Directors of the Company have 15 working days to execute the DOCA (Section 239ACO(2));
- The Creditors can agree to end the Administration and place the Company into liquidation (Section 239ABA(b)); or
- The Creditors can agree that the Administration should end (Section 239ABA(c)).

If no agreement is reached by the creditors the Administration will end and control of the Company will revert to the Directors (Section 239E(2)(d)).

**Directors’  
Estimated  
Statement of  
Position:**

The Chairman advised that the Directors are required to complete a Statement of Position (the Directors’ Statement) pursuant to section 239AF of the Act. This Statement was received by the Administrators on 26 August 2014.

The Chairman further explained that the Directors’ Statement contains summary information about the assets and liabilities of the Company as at the date the VA commenced, being 3 June 2014, and the Directors’ views as to the reasons leading to the appointment of Administrators.

A copy of the Directors’ Statement was tabled at the Watershed Meeting pursuant to section 239AF(3) of the Act.

The Chairman noted that certain redactions have been made to the Directors’ Statement for reasons of solicitor-client and litigation privilege. The redactions relate to privileged advice provided to the Company in connection with contemplated litigation and which must therefore remain strictly confidential.

**Factors leading  
to Company  
being placed in  
Voluntary  
Administration**

The Chairman further stated that based on the Statement and the Administrators’ own enquiries and analysis and as was reported by the Administrators at the initial Meeting of Creditors, they have identified a number of key issues which, in their opinion, impacted the Company’s performance and led to the VA:

- declining revenues in a highly competitive and rapidly changing retail market;
- an absence of adequate profitability;
- management changes;
- the decision by the Company to change its third party logistics services provider and relocate the Distribution Centre to Auckland in August 2012; and
- a growing level of core bank debt.

Various steps were taken to try to address the Company’s financial difficulties, such as:

- implementing a range of cost reduction initiatives;
- selling off separable business units such as Baby City and SchoolTex;
- seeking a new cornerstone investor; and, more recently
- seeking a purchaser for the entire business.

Whilst some of these activities were successful to a degree, such as the sale of SchoolTex early in 2014 which enabled a reduction in overall debt levels, they were unfortunately insufficient to enable a successful turnaround for the Company.

In light of the Company’s financial position, its on-going trading difficulties and anticipated cash flow shortfalls, the Directors decided to request the appointment of Administrators in early June.

**Administrators’  
Report:**

The Chairman then referred to the Administrators’ Watershed Report that was sent to all creditors which outlined the business, property, affairs and financial circumstances of the Company based on their review and investigations to date.

He formally tabled the Watershed Report to creditors dated 28 August 2014 and advised the meeting that a copy of the report together with the Notices of the Watershed Meeting were sent to all known creditors by mail on 29 August 2014 (Section 239AU).

Since all the creditors had received the report and had the opportunity to read it, the Chairman did not propose to read the report line by line; however, he advised that there will be an opportunity for questions later in the meeting.

The Chairman explained certain actions which were undertaken since appointment of Administrators and the first meeting of creditors' held on 12 June 2014:

### **Date of Appointment – Property and obligations**

A full breakdown of the Company's business assets and obligations was set out in the Watershed Report. Based on the Directors' Statement and the Administrators' own enquiries and analysis, the key points to note are:

- Inventory
  - The recorded book value of trading inventory held in stores, at the two distribution centres and in transit was c. \$16.7m.
- Fixed assets
  - The recorded book value of these assets was as follows:

	<b>\$ in 000s</b>
Land and buildings - leasehold	841
Office furniture and equipment	207
Plant and equipment	29
Shop fittings	2,830
IT hardware and software	518
<b>Total</b>	<b>4,426</b>

- Secured creditors
  - The Company's bank, Bank of New Zealand (BNZ), was owed a total of \$13.7m, including operating accounts, foreign exchange exposures and contingent obligations (such as letters of credit and bonds).
  - There were also secured creditors in the form of inventory suppliers having registered purchase money security interests (PMSIs) in respect of goods on hand at appointment amounting to \$0.7m.
- Unsecured creditors
  - The recorded book value of these liabilities was as follows:

	<b>\$ in 000s</b>
Trade creditors	6,379
Customer liabilities (layby, loyalty, gift cards)	519
Employee entitlements	3,317
Inland Revenue (GST/PAYE)	483
NZ Customs	431
<b>Total</b>	<b>11,129</b>

### **Administrators' actions to date**

The Administrators continued the day-to-day trading of the business to the extent that it was practicably possible under the circumstances whilst working to achieve a sale of the business.

### **First meeting of Creditors**

As is required under the Act, the first meeting of creditors was held on Thursday 12 June 2014 in Auckland. The principal purpose of that meeting was to consider whether to replace the Administrators and whether to appoint a Creditors' Committee.

Colin McCloy and David Bridgman were confirmed as Administrators and a resolution to appoint a Creditors' Committee was passed and six creditor representatives formed this committee. Three meetings of the Creditors' Committee have been held: on 20 June 2014, 18 July 2014, and 22 August 2014.

### **Operation of the business**

The Chairman explained that the Administrators contacted all key stakeholders in the business advising them of their appointment and requesting their on-going support during the Administration process.

Rolling stocktakes were underway upon appointment and these were continued during the Administration period to maintain integrity in respect of the inventory position. All inventory orders were placed on hold during the trading period as the Administrators determined that existing inventory holdings were sufficient to support retail sales during the immediate period whilst a buyer for the business was sought.

Limited marketing activity for the business was maintained to the extent that the business required this to support sales in the short term.

Upon appointment, the Company's Christchurch office was still operating with four administrative employees. That office was due to close on 20 June 2014. In order to minimise on-going lease and other obligations in respect of the premises, this office was closed on 6 June 2014.

Prior to the appointment of Administrators, the Company's Management had been reviewing its nationwide store network. Based on the findings of this review, 12 stores were identified as not being financially viable or which were unable to continue operating due to premises issues. Following discussions between Management and the Administrators, the decision was made to close these 12 stores in the first week of July. The closures affected 64 employees, 17 of whom were able to be redeployed to fill vacancies at other stores within the network.

A further four stores were closed on 17 July 2014 because the associated leases were unable to be transferred to the purchaser of the business. 27 employees were made redundant as a result of these store closures. These employees were offered temporary employment by the purchaser to assist with the closure process.

### **Sale of the business as a going concern**

The Administrators continued to progress discussions with a potential purchaser that had expressed an interest in the business prior to VA, in an effort to complete an expeditious sale of the business as a going concern.

A Heads of Agreement was executed on 4 June 2014. The business and assets were subsequently sold as a going concern to a new company now called Postie Plus Group Limited (formerly called Roan Limited) (Roan). This company is a wholly owned subsidiary of Pepkor South East Asia Pty Limited (Pepkor). The sale was completed on 18 July 2014 which will be discussed in more detail during the meeting.

### **On-going activities**

Following the sale of the business, the Administrators undertook a range of post-completion matters, including paying trading obligations incurred during the period of Administration, addressing employee and other creditor issues and complying with other administrative and statutory obligations.

### **Sale process**

As mentioned, a Heads of Agreement (HoA) with Pepkor for the sale of the Company's business and assets was signed by the Administrators shortly after their appointment, on 4 June 2014.

Under the terms of the HoA, Pepkor immediately commenced a due diligence process. Extensive information regarding the business operations and assets was provided to Pepkor and its advisors to enable a full assessment of the business. An enormous amount of effort went into this process by Company management and the Administrators' staff over a fairly short time period in order to minimise the disruptive impact and inherent uncertainties which adversely impact the longer term trading prospects of the business.

In the interim, the Administrators continued to trade the business. The support and efforts of the Company's senior management and staff in adapting to operational changes and restrictions required under the Administration process, preparing information for the due diligence process, and maintaining a positive sales orientated culture across both the store network proved invaluable.

The Chairman stated that the Administrators wish to again acknowledge the patience and support of the Company's creditors during this process, many of whom continued to provide goods and services to facilitate on-going trading whilst the sales process was underway.

On 16 July 2014, a conditional sale and purchase agreement (SPA) was executed between Roan and the Company, whereby once several further practical and legal requirements had been resolved the Postie Plus business and assets could transfer to the new owner as a going concern.

### **Completion**

The sale of the business to Roan under the SPA was completed on 18 July 2014 (Completion). Upon Completion, leases for 64 retail stores and associated supporting premises were transferred. Approximately 530 employees, including retail staff at the 64 transferred stores and the entire administrative and management team based at the Company's Greenlane offices accepted positions with Roan. The sale also included all of the Company's remaining inventory, fixed assets and trade-related receivables.

The premises for the four stores which were unable to be transferred were vacated, with the Administrators facilitating an orderly exit of these stores, including the transfer of inventory to other locations.

Following Completion, further work had been undertaken to meet requirements under the SPA, including determining the final inventory position and reaching agreement on the apportionment of outgoings for the month of July 2014 as between the Company as Vendor and Roan as the Purchaser, and attending to various administrative matters.

### **Outcome**

The Chairman further explained that the sale of the Company's business and assets was completed on the following terms:

- a cash consideration (net of inventory and apportionment adjustments) of \$7.1m;
- the accrued leave and other contractual entitlements of continuing employees were assumed in full by Roan; and
- the Company retained all net proceeds from its trading in respect of the VA period prior to Completion.

The Administrators believe that the strategy to sell the Postie Plus business as a going concern helped to minimise the loss suffered by the secured creditors as a result of the direct cash consideration received and has delivered the best outcome for creditors of the Company.

For some creditors, their trading relationship with the Postie Plus business represented a significant income stream and the sale of the Postie Plus business as a going concern has enabled many of these creditors to recommence the supply of their goods and services under new arrangements with Roan. Therefore, whilst these creditors have suffered a loss on their account with the Company, they at least have an ongoing trading relationship and the opportunity to recoup those losses through future business with Roan. Whilst not an ideal outcome for many creditors, this outcome was nonetheless considerably better than the situation if the Company's business had been wound down and closed altogether.

The going concern sale also enabled preservation of the maximum number of jobs, with 530 staff out of a total staffing of approximately 620 as at the date of VA having retained their jobs on substantially the same terms and conditions with all their accrued leave and other entitlements protected.

For those employees who unfortunately lost their jobs as a result of the store closures during the period of Administration, or where their stores were not transferred to Roan, they have received full payment of all of their outstanding wage and salary entitlements, any bonus entitlements, and all accrued leave.

### **Updated liability position**

During the Administration period, a number of payments have been made and other matters have arisen which have altered the total estimated liabilities of the Company.

### **General security holder**

BNZ was owed \$13.7m by the Company at the date of our appointment. In addition, BNZ provided funding to the Administrators to meet initial costs and enable trading to continue whilst the sale of the business was negotiated.

Following Completion and cessation of trading activities, net proceeds from the Administration have been applied towards reduction of BNZ's debt. In addition, the sale of the business and Administrators' actions have facilitated the reduction of contingent obligations (e.g. letters of credit and bonds) that have further reduced the bank's total exposure.

As a result, the Company's secured debt due to BNZ has been reduced to approximately \$5.4m.

### **Other secured creditors**

Two creditors held valid first ranking PMSI securities over specific inventory on hand at the date of the Administration, with total associated secured claims of \$500k. Payments of \$200k were made to those creditors for inventory sold during the Administration and inventory remaining at Completion, which was excluded from the sale and dealt with by those creditors. Residual amounts owing to these creditors (e.g. for inventory not on hand at the date of the Administration) remains an unsecured liability of the Company.

### **Employees**

Estimated employee obligations at the date of appointment totalled \$3.3m.

As previously noted, the entitlements of approximately 530 employees who accepted positions with Roan were transferred following the sale. There were 86 employees who did not transfer as part of the sale of the business. These employees either resigned or were made redundant as a result of the closure of 16 stores and the Christchurch office during the period of the Administration.

As noted earlier, the Administrators determined that all 86 employees would be paid their entire outstanding entitlements with the exception of long service leave and notice in lieu of termination. These entitlements, totalling \$0.4m, were paid on 21 August 2014. The amounts paid to these employees were at least as much, and in some cases more, than would have been paid to them, by virtue of the statutory preferential status, had the Company been in receivership or liquidation.

65 employees have remaining unsecured creditor claims for notice in lieu of termination and/or long service leave, totalling approximately \$0.1m.

### **Inland Revenue and NZ Customs**

Inland Revenue provided details of its claim and after further reconciliation a payment of \$200k has been made in respect of outstanding GST and PAYE related liabilities. During the trading period NZ Customs was paid in full (\$300k).

These amounts which were paid would have constituted preferential claims and required payment under the Act ahead of any payments to either secured or unsecured creditors in the event of a liquidation of the Company.

### **Unsecured creditors**

As at the date of the meeting, the total amount of unsecured claims received is \$12,093,485.

### **Contingent obligations**

All landlords will have a claim in the Administration for outstanding rent arrears incurred in respect of the period prior to 10 June 2014. However, the transfer of 66 of the Company's 88 lease arrangements as part of the going concern sale of the business means the \$26.4m estimated total contingent lease liability at the date of Administration will be substantially reduced.

## **Remaining assets of the Company**

The Administrators have identified three potential residual assets of the Company:

- its status as a company listed on the New Zealand Stock Exchange (NZX);
- accumulated tax losses; and
- a potential litigation claim.

The Company is still listed on the NZX. Listed shell companies, being companies such as Retva that are no longer trading, can, in certain circumstances have value, as a means of enabling a so called back door or reverse listing on the NZX. The Administrators investigated whether the Company could present such an opportunity, and whether this might provide a potential means for creditors to realise some value if a reverse listing transaction could be successfully implemented.

However, for the Company to avoid being placed in liquidation and maintain its NZX listed status whilst such an opportunity is investigated means it would need to undertake a number of ongoing administrative and compliance activities over at least the next 6 – 12 months, at an estimated cost exceeding \$300k.

The Company requires funding to meet such costs, and there would be no certainty regarding how such funding would be repaid, especially if a reverse listing transaction failed to eventuate.

After consulting the secured creditor, the Creditors' Committee, and other third parties, the Administrators do not believe such funding is available to the Company. Hence, they do not consider the reverse listing transaction is a realistic prospect for the Company and therefore see no value can be extracted from its NZX listing.

The Chairman advised that the Company sustained significant operating losses from its trading prior to Administration, giving rise to substantial accumulated tax losses.

The Administrators have obtained specialist advice that it is unlikely that these tax losses can be utilised by any third party or carried forward to offset against taxable income that might be generated by the Company in future. Accordingly, they believe that the Company's tax losses are unlikely to have any value.

Prior to their appointment as Administrators, the Company had identified a potential claim in respect of its previous third party logistics services provider.

The Administrators have made inquiries regarding the background to this matter and obtained further legal advice in respect of the merits of this potential claim. Due to the nature of the inquiries being undertaken, the commercial sensitivity of the issues and potential legal consequences, the Chairman advised the meeting that he was unable to provide any more specific details regarding the potential claim or our findings to date. The legal advice that the Company has obtained is subject to legal privilege. Any further disclosure regarding these matters in a public forum such as the Watershed Meeting could prejudice any potential legal proceedings that may take place.

The Chairman assured the meeting that the Administrators take this claim seriously, and, in the event that the Company is placed in Liquidation, the ability to pursue this claim would be unaffected.

**Alternatives available to be voted at the Meeting to determine the future of the Company**

The Chairman explained the three types of voting available at the meeting:

**Deed of Company Arrangement (DOCA)**

A deed would be drafted by the Deed Administrator and executed by both the Deed Administrator and the Company in Administration to become a DOCA. Since no DOCA had been tabled with the Administrators, the Administrators' opinion for the best way forward for the Company was put forward.

**The Administration should end**

Should the Administration end the Company will be returned to the control of the Directors, who will then be responsible for its continued existence.

**Liquidation**

A resolution may be passed to place the Company into liquidation. Should such a resolution be passed, then unless there are any other nominations for the role of liquidator, David Bridgman and Colin McCloy, the Administrators, will become the liquidators of the Company (Section 239ABY of the Act).

**Administrators' Opinion**

**Recommendation**

The Chairman explained that on the basis of all the information available to the Administrators, it is the opinion of the Administrators that the Company should be placed into liquidation.

The Chairman advised that given its deficit net asset position as referred to earlier in this report, the Company has no feasible immediate means of meeting the shortfall due to its secured creditor, as well as the substantial amounts due to unsecured creditors and the costs of maintaining its on-going existence and complying with its statutory obligations. The Chairman expressed the Administrators' view that Company is clearly insolvent.

The Chairman further stated that if the Company is not placed into liquidation, this will mean that the statutory requirement that will otherwise arise for a liquidator to consider whether there are any voidable transactions or other matters involving the Company and/or other parties that warrant enquiry, and which could possibly yield further recoveries, will not be available for the benefit of unsecured creditors.

The Administrators have undertaken preliminary investigations to assess whether there may have been voidable or other relevant transactions/activities during the period prior to the appointment of Administrators, with reference to potential recovery

actions under the provisions of the Act should a liquidator be appointed to the Company, as well as assessing the likelihood of successfully recovering from the relevant parties.

Whilst their preliminary investigations to date have not identified any specific recovery avenues, further analysis would be required in the event of a liquidation process to finalise the position.

The Administrators are accordingly unable to comment definitively at this stage on the timing and likely level of any recoveries (if any) for creditors in a liquidation of the Company.

The Chairman said it is important to understand that placing the Company in liquidation should not, of itself, prejudice the ability to pursue any recovery actions including the potential litigation claim referred to earlier in this report, although decisions on such matters will rest with the liquidator(s).

#### **Why a DOCA is not recommended?**

A DOCA is not being recommended because in the Administrators' opinion there does not appear to be any viable prospect of any additional recovery for the Company's unsecured creditors and shareholders flowing from this option. In addition, as at the date of this report the Administrators have not received any proposal for a DOCA from the Company's Directors or any of its creditors.

Moreover, any DOCA would require additional funding to be secured to meet the Company's on-going costs in order that the Company can continue in existence and inquiries indicate that no such funding was available.

#### **Why is it not recommended that the Company be returned to the control of Directors?**

It is the opinion of the Administrators that it would be inappropriate for the Company to be returned to the control of its Directors as the Company is clearly insolvent and there are no funds available to maintain the Company's existence and meet its substantial outstanding obligations to its secured and unsecured creditors.

If the Administration was to terminate and the Company return to the control of its directors, the Administrators believe it is almost inevitable that the Company would end up in liquidation given its insolvent status.

To date, the directors have not expressed any wish to the Administrators to resume control of the Company.

#### **Motion regarding the Administrators' Report and Opinion**

Following this presentation of the Administrators' opinion, the Chairman put the motion to the meeting that the Administrators' Report and opinion be received.

*"The Administrators' Report about the Company and the Administrators' Opinion on the future options of the Company be received".*

Moved: Gerald Sare (BNZ)

Seconded: Nathan Stanton (22 Stoddard Road Limited)

Result: Report received

**Questions:**

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

Q 1. (Terry Henderson – Henkel NZ) Please clarify what was sold as part of the sale of business? Did it include inventory? And what is the book value of the assets sold?

A. The Chairman answered that the sale comprised three assets: (1) The Inventory; (2) Fixed assets; and (3) Trade Receivables.

Lara Bennett on behalf of the Administrators responded that the book value of the fixed assets was \$4.4m and the book value of the inventory was \$9.8m.

Q.2. (Terry Henderson – Henkel NZ) Did the outstanding leases on the properties have any personal guarantees?

The Chairman answered that as is normal for a listed company such as Postie Plus, the leases did not involve any personal guarantees from the Company's directors.

Q 3. (Fiona Harnett – Girl Guiding NZ ) Read a statement on behalf of Susan Coleman, Chief Executive of Girl Guiding New Zealand (GGNZ), as follows:

GGNZ is a registered charity, and its major fundraising activity is the annual sale of Girl Guide Biscuits. For the past three years Postie Plus has supported GGNZ by having these biscuits for sale in its shops throughout New Zealand and the proceeds from the sale were held by Postie Plus and paid over to GGNZ. As at the date of the Voluntary Administration the total accumulated sales amount due to GGNZ was \$88,781. Although GGNZ had understood that the funds were held on its behalf by Postie Plus, having obtained legal advice, it now understands that this was not in fact the case, as the monies were paid into the Company's general bank account, which was overdrawn at the time, and therefore the funds have no protected status. Nonetheless, GGNZ now seeks resolution that a preferred payment be made to it of \$88,781.

A. The Chairman responded that whilst the Administrators are sympathetic to the position as expressed by GGNZ through its representatives, they are nonetheless not in a position to make any payment, given GGNZ has no preferred status and to make any such payment would be to the detriment of other prior ranking creditors. The Administrators did undertake to discuss the situation further with the Purchaser of the Postie Plus business.

Q 4. (Derek Brandt – William Brandt Technology) Having supplied goods to the Company on the basis of a retention of title, and after making numerous approaches to representatives of the Administrators, why can the goods in question not be recovered or monies paid to me given the goods still belong to me by virtue of the retention of title clause?

A. Lara Bennett on behalf of the Administrators responded that there were only two suppliers that had registered security over the goods and ranked ahead of other unsecured creditors. Without a registered security, payment cannot be made to unsecured creditors.

The Chairman also answered that unfortunately for unsecured creditors, even those who supplied goods on the basis of a retention of title, as per the Act, payment is first made to first ranking creditors or secured creditors and without a registered security in place there is no preferential status.

Q 5. Nathan Stanton – 22 Stoddard Road Limited) During the period of the Administration what was the cost of the Administration and the amount of sales generated by the stores?

A. The Chairman replied that the total cost of Administration for June, July and August 2014 was \$775,000.

Lara Bennett on behalf of the Administrators responded that the gross sales during the period of Administration were \$11.3m.

Q 6. (Terry Henderson – Henkel NZ) Payments made to employees – Do these rank ahead of unsecured creditors?

A. The Chairman replied that since those payments would have a preferential entitlement under a liquidation or receivership the payment was made to employees on that basis.

Q. 7 (Robert Reid – First Union) Was any payment made by the Purchasers for acquiring the name of Postie Plus?

A. The Chairman replied that no specific payment was made for the name. The Purchaser acquired all the intangible assets associated with the Postie Plus business such as the name and brands but no separate component within the total purchase price was ascribed to these intangible assets.

Q.8. (Robert Reid – First Union) Why was a date not associated with the new name of the Company like 2014 Limited?

A. David Perry responded on behalf of the Administrators that there was no need now to add the year to the name of a company.

Q.9 (Derek Brandt – William Bradt Technology) Will shareholders get any return?

A. The Chairman responded that even though he didn't want to say "never", in the present circumstances and even if the Administrators were successful with the potential litigation claim, there would not be sufficient funds to make a payment to shareholders.

Q.10 (Fiona Harnett – GGNZ) Do you have a view on the prospect of a payment to unsecured creditors?

A.10 The Chairman answered that there remains a substantial shortfall to secured creditors that needs to be satisfied before making any payment to unsecured creditors and based on the information currently available, the best guidance he would give is that there is very little prospect of any recovery for unsecured creditors.

## **Voting:**

### **Creditors' Claim Forms and Proxies**

The Chairman explained that if any person present is required to complete a proxy because they are attending as a representative on behalf of another creditor and has not done so prior to the start of the meeting then those creditors are excluded from voting.

Likewise, any postal votes received after the deadline of Friday 5 September 2014 are also excluded from the voting.

The Chairman explained that the value of creditor claims for the purpose of determining voting entitlements at today's meeting is based on the amount that individual creditors are owed as stated in the Company's records or the revised amount that creditors have submitted in a claim form that has been accepted by the Administrators.

He further advised the meeting:

- i that creditors present or represented are admitted for the purpose of voting at these meetings but do not necessarily rank for distribution purposes.

- ii that the creditors present or represented, in respect of debts where a creditors' claim form has **not** been submitted **and which are not** listed in the Company's records as a creditor, are admitted to the meetings as observers only.

#### **Voting on resolutions**

- A resolution is adopted if a majority in number (more than half) representing 75% in value of the creditors or class of creditors voting, whether voting in person, by proxy vote or by postal vote, vote in favour of the resolution.
- If voting according to number and value results in a deadlock, the chairperson may exercise a casting vote.
- In the first instance voting will be by way of hands; but if a major creditor or several creditors vote against the resolution then a ballot will be conducted to accurately record the vote.

Only persons present in person, by proxy or attorney may vote at today's meeting.

#### **Creditors' resolution on the future of Company (Section 239ABA)**

The Chairman stated that the creditors were being asked to vote on two possible alternative resolutions:

The resolutions are:

- that the Company be placed into liquidation; or
- that the Administration should end and control of the Company be returned to the Company's directors.

#### **Declaration of Proxies Held by Chairman**

The Chairman advised that the following proxies has been received:

6 general proxies representing \$35,177 value of creditors voted as follows:

- No votes in favour of liquidation
- 1 vote representing \$865 value of creditors voting against the liquidation
- 5 votes representing \$34,312 to be determined at the Meeting
- 2 votes representing \$1,227 value of creditors voting in favour of the administration ending
- No votes against the administration ending
- 4 votes representing \$33,950 to be determined at the Meeting

#### **Postal Votes**

The following postal votes were received:

40 general proxies representing \$1,301,148 value of creditors voted as follows:

- 24 votes representing \$1,216,379 value of creditors voting in favour of liquidation
- 9 votes representing \$75,101 value of creditors voting against the liquidation
- 7 votes representing \$9,668 value of creditors abstained from voting
- 13 votes representing \$82,041 value of creditors voting in favour of the administration ending
- 12 votes representing \$73,051 value of creditors voting against the administration ending
- 15 votes representing \$1,146,056 value of creditors abstained from voting

#### **Disclosure of Voting Arrangements (Section 239 AX)**

The Chairman further stated that as the Administrator, he is not aware of any voting arrangements that require one or more creditors to vote in a particular way on any resolution.

**Adjournment for counting votes:**

Having asked all creditor representatives present at the meeting to complete their voting form in respect of the two resolutions, 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			Value (\$)		
	For	Against	Abstain	For	Against	Abstain
It is resolved that the Company be placed into liquidation	42	11	8	\$6,984,021	\$ 79,189	\$65,159
Percentages (%)	79.25	20.75		98.88	1.12	

The Chairman announced that based on the votes received the Company would be placed in liquidation and that David Bridgman and Colin McCloy were appointed Liquidators of the Company by the creditors. As required under the Act, a Liquidators' Report will be sent to all creditors within 5 working days.

**Closure:**

There being no further business, the Chairman declared the meeting closed at 12:15pm. He thanked all present for their attendance and for the support shown to Postie Plus Group, now named Retva Limited.

Signed as a correct record:



.....  
David Bridgman  
Chairman

**Date:** 16 September 2014

**List of Appendices:**

- Appendix A:** Attendance Register
- Appendix B:** Powerpoint Presentation

**Postie Plus Group Limited (Administrators Appointed Meeting Attendance Register)**

<b>Creditor Name</b>	<b>Attendee Name</b>	<b>Position</b>	<b>Observer Attendee Name</b>	<b>Observer Company Name</b>	<b>Position Held</b>	<b>PwC Staff</b>	<b>Buddle Findlay</b>
22 Stoddard Road Limited AMP Capital Property Portfolio Limited	Nathan Stanton	Senior Management Accountant	Katharine Morgan	FCM Travel Solutions	Finance Manager	David Bridgman	David Perry
Auckland Council Property Limited	Tony Radley	Finance Manager	Richard Binns	Retva Limited	Director	Colin McCloy	Matthew Triggs
	Elaine Irvine	Property Manager	Murray Holdaway	Retva Limited	Director	Lara Bennett	Laura O'Gorman
		Head of Strategic Business Services	Kylie Tate	Retva Limited	Director	Rebecca Almond	Aaron Harlowe
Bank of New Zealand	Gerald Sare	CEO	Richard Punter	Retva Limited	Director	Elena Chapman	
Butland Holdings	Gordon Fountain	Financial Controller	Bret Gustafson		Barrister	Justine St John	
FCM Travel Solutions	Keely Alton	Director				Nita Pinto	
Henkel NZ	Terry Henderson	Partner				Rachael Smith	
Sharp Tudhope	Bill Chapman						
The Girl Guides Association New Zealand Incorporated	Fiona Harnett	Vice President					
Webstar	Jeantelle Greyling	Financial Manager					
William Brandt Technology Limited	Derek Brandt	Manager					
1st Union (as employee representative)	Robert Reid	General Secretary					

**Appendix A**

[www.pwc.co.nz/postieplus](http://www.pwc.co.nz/postieplus)

*Retva Limited (formerly  
known as Postie Plus Group  
Limited) (Administrators  
Appointed)*

Watershed Meeting  
8 September 2014

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# *Agenda*

- Formalities
- Voluntary Administration Process
- Directors' Estimated Statement of Position
- Administrators' Report
- Alternatives available to be voted on today to determine the future of the Company
- Administrators' Opinion
- Questions
- Voting
- Closure of Meeting

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# *Formalities*

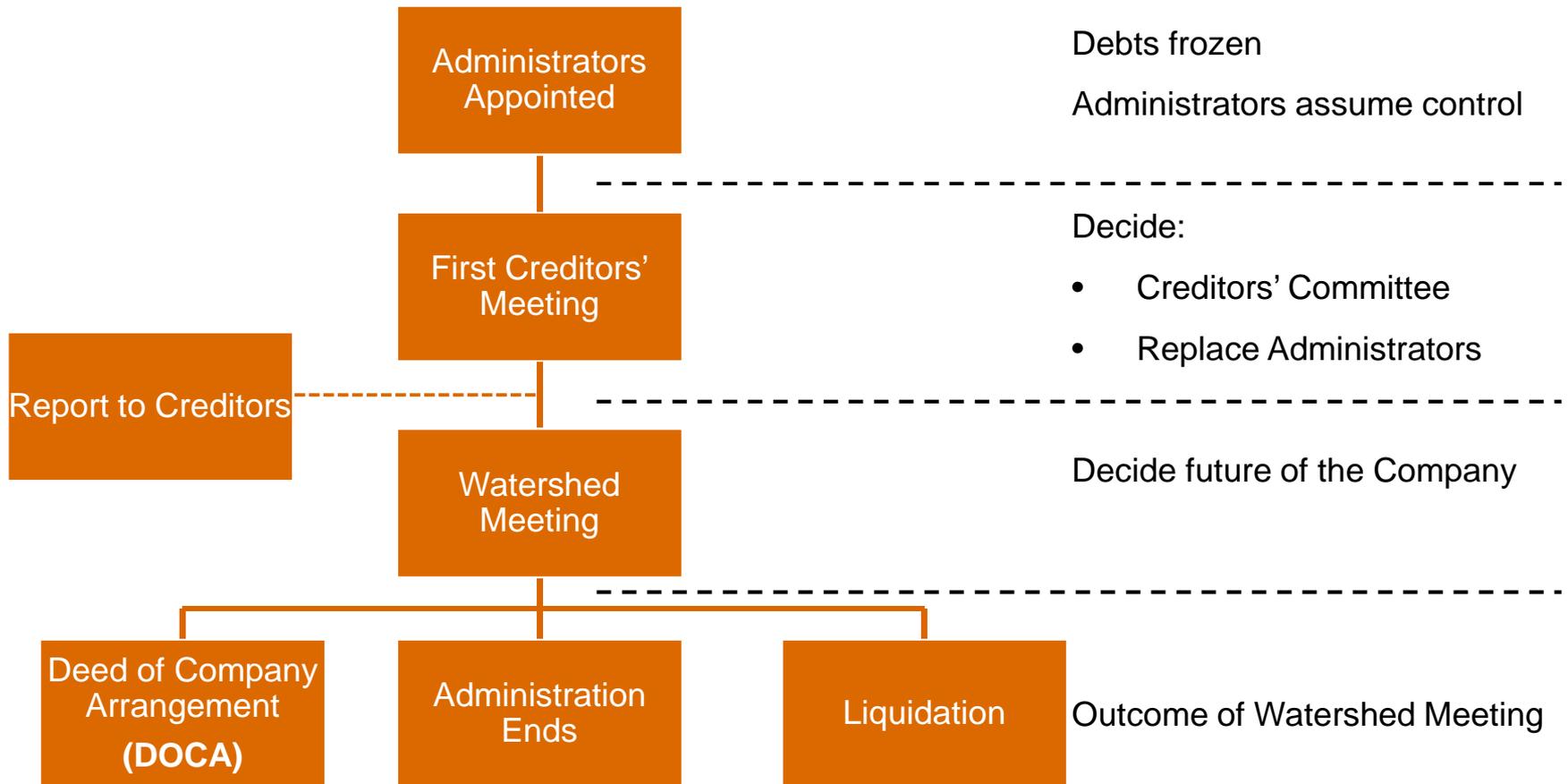
- Introductions
- Chairperson
- Media
- Notice of meeting
- Attendance register
- Quorum

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# ***Voluntary Administration (VA) Process***

- Key Objectives
  - Maximise chances to continue the business as going concern; or if that is not possible
  - Develop alternative strategies to provide a better outcome than winding up the company
- Effect of appointment
  - Debts frozen
  - Moratorium period
- Administrators' 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)



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## ***Directors' Estimated Statement of Position***

A copy of the Directors' Statement has been tabled here today at the Watershed Meeting pursuant to section 239AF(3) of the Act.

Certain redactions have been made to the Statement for reasons of solicitor-client and litigation privilege. The redactions relate to privileged advice provided to the Company for the purpose of contemplated litigation and therefore must remain strictly confidential.

# Administrators' Report

## Date of Appointment (3 June 2014) – Property and obligations

### Inventory

The recorded book value of trading inventory held in stores, at the two distribution centres and in transit was \$16.7m.

### Fixed assets

	\$ in 000s
Land and buildings - leasehold	841
Office furniture and equipment	207
Plant and equipment	29
Shop fittings	2,830
IT hardware and software	518
<b>Total</b>	<b>4,426</b>

### Secured creditors

BNZ (general security holder) was owed a total of \$13.7m, including operating accounts, foreign exchange exposures and contingent obligations (letters of credit/bonds).

Inventory suppliers having registered purchase money security interests (PMSIs) in respect of goods on hand at appointment amounting to \$0.7m.

### Unsecured creditors

	\$ in 000s
Trade creditors	6,379
Customer liabilities (layby, loyalty, gift cards)	519
Employee entitlements	3,317
Inland Revenue (GST/PAYE)	483
NZ Customs	431
<b>Total</b>	<b>11,129</b>

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# ***Administrators' Report***

## ***Administrators' actions to date***

- Continued the day-to-day trading of the business
- Held the first meeting of creditors on 12 June 2014, with David Bridgman and Colin McCloy being confirmed as Administrators
- Contacted all key stakeholders to the business advising of the appointment and requesting their on-going support during the Administration process
- Undertook rolling stocktakes upon appointment, which continued during the Administration
- Maintained limited marketing activity for business
- Closed non-viable stores
- Completed a sale of the Postie Plus business as a going concern
- Dealing with post-completion matters and other statutory requirements

---

# ***Administrators' Report***

## ***Outcome of the Sale to Pepkor***

The sale of the Company's business and assets was completed on 18 July 2014 on the following basis:

- transfer of all inventory, fixed assets, trade-related receivables for 64 retail stores and support office to the Purchaser (Roan Limited)
- approximately 530 employees transferred to Roan on equivalent terms and conditions
- the accrued leave and other contractual entitlements of continuing employees were assumed by Roan
- cash consideration of \$7.1m (net of inventory and apportionment adjustments)
- the Company retained all net proceeds from its trading in respect of the VA period prior to completion.

---

# ***Administrators' Report***

## ***Outcome of the Sale to Pepkor (cont'd)***

### ***Benefits of using the VA regime:***

- enabled the sale of the Postie Plus business as a going concern, because:
  - a moratorium was placed on all creditor claims
  - the Administrators were able to retain leases without risk of these being terminated by landlords which meant the business could continue trading
- the sale as a going concern has enabled many creditors to establish new trading relationships with Roan
- the sale as a going concern meant that 530 employees out of approximately 620 maintained their employment on equivalent terms and conditions with their accrued leave and other entitlements protected

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# ***Administrators' Report***

## ***Outcome of the Sale to Pepkor (cont'd)***

**General security holder** Following Completion and cessation of trading activities, net proceeds from the Administration have been applied towards reduction of BNZ's debt.

The sale of the business and Administrators' actions has facilitated the reduction of contingent obligations (e.g. letters of credit and bonds).

As a result, the Company's secured debt due to BNZ has been reduced to \$5.4m

**Other secured creditors** Two creditors held valid first ranking PMSI securities over specific inventory on hand at the date of the Administration, with total associated secured claims of \$0.5m. Payments of \$0.2m were made to those creditors for inventory sold during the Administration and inventory remaining at Completion, which was excluded from the sale and dealt with separately by those creditors.

**Employees** There were 86 employees who did not transfer upon the sale of the business. All their outstanding entitlements (with the exception of long service leave and notice in lieu of termination) totalling \$0.4m were paid on 21 August 2014.

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# ***Administrators' Report***

## ***Outcome of the Sale to Pepkor (cont'd)***

### **Inland Revenue**

Inland Revenue provided details of its claim and after further reconciliation a payment of \$0.2m has been made in respect of outstanding GST and PAYE related liabilities.

### **New Zealand Customs**

During the trading period NZ Customs was paid in full (\$0.3m).

### **Unsecured creditors**

As at today the total amount of unsecured claims received is \$12,093,485.

### **Contingent obligations**

All landlords will have a claim in the Administration for outstanding rent arrears incurred prior to 10 June 2014. However, the transfer of 66 of the Company's 88 lease arrangements as part of the sale of the business means that the \$26.4m estimated total contingent lease liability at the date of Administration will be substantially reduced.

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# ***Administrators' Report***

## ***Outcome of the Sale to Pepkor (cont'd)***

### ***Remaining assets of the Company***

There are three potential residual assets of the Company:

- its status as a company listed on the New Zealand Stock Exchange (NZX);
- accumulated tax losses; and
- a potential litigation claim.

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# *Alternatives available to be voted on today to determine the future of the Company*

## **Deed of Company Arrangement (DOCA)**

A **DOCA** is binding to the Company's creditors, the Company, the Company's directors, officers and shareholders, and the Deed Administrator.

No **DOCA** has been put forward

## **The Administration should end**

Should the Administration end the Company will return to the control of the Directors, who will then be responsible for its continued existence.

## **Liquidation**

A resolution may be passed to place the Company into liquidation. Should such a resolution be passed, then unless there are any other nominations for the role of liquidator, the Administrators will become the liquidators of the Company.

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# *Administrators' Opinion*

On the basis of all the information available to us, it is the opinion of the Administrators that the Company should be placed into liquidation.

## *Our reasons:*

- The Company is clearly insolvent
  - substantial deficiency in net asset position
  - shortfall exceeding \$5m due to the secured creditor
  - substantial shortfall due to unsecured creditors (>\$12m)
- No feasible means of meeting cash operating costs to maintain existence and comply with statutory obligations
- Liquidation entails statutory requirements to investigate the Company's historical transactions
- Liquidation will not prejudice any ability to pursue the potential litigation claim

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# *Questions?*

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

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# *Voting*

- A resolution is adopted if a majority in number representing 75% in value of the creditors or class of creditors voting, whether in person, by proxy vote or by postal vote, vote in favour of the resolution
- If voting according to number and value results in a deadlock, the chairperson may exercise a casting vote
- In the first instance voting will be by way of show of hands; if a major creditor or several creditors vote against the resolution then a ballot will be conducted
- Only persons present in person, represented by proxy or by an attorney may vote at the meeting

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# *Resolutions*



Liquidation



The Administration  
should end and control  
of the Company be  
returned to the  
Company's Directors

# *Chairperson Proxies*

## **Liquidation**

	<b>Number</b>	<b>Value (\$)</b>
General	6	\$35,177
For	0	\$0
Against	1	\$865

## **The Administration should end and control of the Company be returned to the Company's Directors**

	<b>Number</b>	<b>Value (\$)</b>
General	6	\$35,177
For	2	\$1,227
Against	0	\$0

# *Postal Votes Received*

## **Liquidation**

	<b>Number</b>	<b>Value (\$)</b>
General	40	\$1,301,148
For	24	\$1,216,379
Against	9	\$75,101

## **The Administration should end and control of the Company be returned to the Company's Directors**

	<b>Number</b>	<b>Value (\$)</b>
General	40	\$1,301,148
For	13	\$82,041
Against	12	\$73,051

## ***Outcome of voting – the Company should be placed in Liquidation***

	Number of Creditors			Value (\$)		
	For	Against	Abstain	For	Against	Abstain
It is resolved that the Company be placed into liquidation	42	11	8	\$6,984,021	\$ 79,189	\$65,159
Percentages (%)	79.25	20.75		98.88	1.12	

*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.*

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# *Closure*

- Meeting closed
- Thank you for your attendance