

SECOND DOCA PROPOSAL FROM THE CHEADLE GROUP

3 April 2018

The Administrators John Park, Quentin Olde and Joseph Hansell (“Administrators”) are the Administrators appointed to SurfStitch Group Limited (Administrators Appointed) and SurfStitch Holdings Pty Limited (Administrators Appointed) (together, “the Companies”).

On 29 March 2018 at 5.11pm AEST, the Administrators received a proposal from the Cheadle Group for a new DOCA (**Second Cheadle Group Proposal**). Later that evening at 8.14pm AEST, the Cheadle Group advised that the First Cheadle Group Proposal had been withdrawn.

The Administrators have prepared a 2nd Supplementary Report pursuant to Section 439A of the Act that outlines and analyses the Second Cheadle Group Proposal, which is available to creditors online via the FTI Consulting creditor’s portal.

The 2nd Supplementary Report to Creditors should be read in conjunction with the previous Report to Creditors dated 16 March 2018 and Supplementary Report to Creditors dated 29 March 2018.

IMPACT OF NEW DOCA PROPOSAL ON RESOLUTIONS AT THE MEETING OF CREDITORS

As a consequence of the withdrawal of the First Cheadle Group Proposal and the submission of the Second Cheadle Group Proposal, it is necessary to issue a new Appointment of Proxy (**Amended Proxy**) as:

- resolution 1(b) set out in the Original Proxy with respect to the execution of a DOCA as per the terms of the First Cheadle Group Proposal cannot be put to the Meeting of Creditors; and
- a new resolution is available for Creditors to put to the Second Meeting with respect to the execution of a DOCA as per the terms of the Second Cheadle Group Proposal.

Subordinate Claimants should note that all other resolutions remain unaffected.

ADMINISTRATORS’ OPINION

The Administrators' opinion on the future of the Companies remains unchanged.

The Administrators consider that it remains in the interests of all Creditors including Subordinate Claimants for the Companies to execute a DOCA as per the terms of the EziBuy proposal, as detailed in the Report to Creditors.

Despite receipt of the Second Cheadle Group Proposal, the EziBuy Proposal is superior and results in a better return to creditors.

- ENDS -

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