

## **TO CREDITORS, EMPLOYEES, AND SHAREHOLDERS**

6 June 2019

Dear Sir / Madam

**Aksesstoday Limited, ACN 603 323 182**  
**A.C.N. 603 303 126 Pty Ltd, ACN 603 303 126**  
**Aksesstoday Operations Pty Ltd, ACN 604 340 785**  
**Aksesstoday Retail Pty Ltd, ACN 161 130 696**  
**(All Administrators Appointed)**  
**(the Companies or the Group)**

I refer to the appointment of Glen Kanevsky, Sal Algeri and I as Joint and Several Administrators (**Administrators**) of the Companies on 7 April 2019 pursuant to Section 436A of the *Corporations Act 2001* (**the Act**).

The purpose of this circular is to provide you with an update on the voluntary administration of the Group and provide you with answers to questions you may have about the process.

### **1. What is happening with the sale of the business?**

At the meeting of creditors of the Companies held on the 17 April 2019 we advised that we had set a deadline of Monday 27 May 2019 to receive non-binding indicative offers from interested parties for the sale/recapitalisation of the business. Following this milestone, we advised that we would review the offers, shortlist the interested parties and set a timetable for these parties to conduct further due diligence ahead of submitting final and binding offers.

We have now received a number of non-binding offers. These offers vary in terms of whether the party is interested in a sale of the assets through a sale and purchase agreement or recapitalisation through a deed of company arrangement. The offers also vary in terms of whether they are for the whole or parts of the business.

We have shortlisted the parties who have provided offers for the whole of the Group's business. These parties will undertake further due diligence ahead of our request that they submit binding offers by Friday 5 July 2019.

Following this deadline we will:

- a. Review the offers to assess which provides the best outcome for all stakeholders;
- b. Conduct final negotiations with one or more parties in relation to their binding offers; and
- c. Agree how the sale/recapitalisation will be executed and the timetable and steps to execution.

While we have set a deadline of the 5 July 2019 for binding offers to be submitted, we will monitor the progress of the due diligence and adjust the deadline if appropriate and we consider it to be in the best interest of creditors.

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We cannot give any further details about the steps and timetable to execute the sale/recapitalisation at this time, as it is dependent on which offer is ultimately successful and that party's proposed transaction structure. The sale or recapitalisation process may also involve finalising agreements with existing secured lenders of the Group or new financiers.

Our objective is to finalise the sale/recapitalisation process as soon as possible as it is our view that it is in the best interests of the business and stakeholders to do so. However, ultimately the timing will be dependent on the final structure of the proposed transaction.

## **2. Will we be told who the interested parties are or details of the offers?**

We will not be disclosing the names of interested parties or details of their offers. Both we, and the interested parties, have executed confidentiality agreements which means we are unable to disclose this information. Consistent with market practice, these confidentiality obligations will remain in place in respect of unsuccessful parties even after the sale/recapitalisation process has concluded.

## **3. Will we get to vote on which offer is accepted at the next creditors' meeting?**

We will review the offers received and make a decision based on which offer provides the best outcome for stakeholders. The Act provides voluntary administrators with all the powers of the company and its directors. This includes the power to sell the Companies' business or sell individual assets in the lead up to the next meeting of creditors.

Based on feedback from interested parties to date, we expect the sale/recapitalisation to be completed via a deed of company arrangement (**DOCA**). A DOCA is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with, which may be agreed to as a result of the company entering voluntary administration. It aims to maximise the chances of the company, or as much as possible of its business, continuing, or to provide a better return for creditors than an immediate winding up of the company, or both.

If a transaction is to be completed via a DOCA, the terms of the DOCA will be presented to creditors for their approval at the second meeting of creditors.

If a DOCA is proposed, to enable creditors to make an informed decision at that meeting, we will, as part of our report to creditors, set out what return each class of creditor can expect to receive in the event the DOCA is agreed by creditors and implemented, together with a comparison of what return creditors could expect to receive if the DOCA was not agreed to and the Group was instead placed into liquidation. This will be provided together with our recommendation as to what we believe is in the best interest of creditors.

## **4. What will happen at the second creditors meeting?**

The Act specifies that the role of voluntary administrators is to take control of a company's business and its assets, investigate its affairs and provide a recommendation on three options available to creditors to vote on at a second meeting of creditors. These three options are:

- a. end the voluntary administration and return the company to the directors' control;
- b. approve a deed of company arrangement through which the company will pay all or part of its debts and then be free of those debts; or
- c. wind up the company and appoint a liquidator.

Once we have received and assessed the final binding offers and determined which is in the best interests of all stakeholders, we will provide our opinion on each option and our recommendation on which option, in our view, is in the best interests of creditors.

Further information on the voluntary administration process and DOCA's can be found on the Australian Securities and Investments Commission (**ASIC**) website here:

<https://asic.gov.au/regulatory-resources/insolvency/insolvency-for-creditors/creditors-deed-of-company-arrangement/>

<https://asic.gov.au/regulatory-resources/insolvency/insolvency-for-creditors/voluntary-administration-a-guide-for-creditors/>

We will also provide further information and instructions for each creditor type ahead of the second meeting.

## **5. What is the expected return to creditors and shareholders?**

At this stage it is too early to determine expected returns. These will be dependent on the final offer that is received and accepted. An estimate of returns will however be provided in our report to creditors ahead of the next meeting of creditors. Given the timetable for the sale of business/recapitalisation set out above, we do not expect to issue this report prior to 30 June 2019.

## **6. When will the half year results be lodged and an explanation as to why the business went into voluntary administration?**

When a company is under voluntary administration, ASIC grants an automatic six month extension from the date of the appointment to lodge financial accounts as required under the Act. Draft half year accounts for the six months ending 31 December 2018 were prepared by the business but not lodged. We will be providing commentary on these draft accounts in our report to creditors ahead of the next creditors meeting. We will also be providing our opinion as to the circumstances leading to our appointment as voluntary administrators.

In the course of conducting our investigations we will consider our obligations under the Act which requires administrators to provide a confidential report to ASIC if it appears to them that offences have been committed by parties involved in the management or administration of the business.

## **7. How is the business performing and will financial results be released during the voluntary administration?**

We are continuing to trade the business as usual and the Group's staff have been working extremely hard at maintaining business operations, generating new business and assisting us and our team with the sale of business process and investigations. We take this opportunity to thank them for their hard work and loyalty during this period.

As mentioned above, ASIC provides an extension for lodging financial accounts. We are continuing to prepare monthly management accounts however given the continued suspension of trading of Axesstoday Limited's securities on the Australian Stock Exchange and the extension provided by ASIC, we will not be releasing any financial reports at this time.

Should you have any further queries in relation to the process described above or the administration generally, please email us at [axesstoday@deloitte.com.au](mailto:axesstoday@deloitte.com.au).

Yours faithfully



**Vaughan Strawbridge**

Joint and Several Administrator of the Group