

[Note: this page has been prepared by the Deed Administrators]

## Supreme Court of New South Wales Proceedings 2017/193375 & 2017/347082

### SurfStitch Shareholders' Class Actions

#### Deed Administrator's Comparison to a winding up scenario

31 August 2018

The Notice to Group Members dated 1 August 2018 also forecast that the Deed Administrators would provide an estimate of the likely recovery by group members if SurfStitch were to go into liquidation.

If the Court does not approve the settlement of claims in the McConnell Proceedings and the Nakali Proceedings against SurfStitch and the appeal period lapses, the DoCA terminates and SurfStitch would be placed into liquidation.

The Deed Administrators' current estimate of recoveries by Group Members who are admitted to proof, before the deduction of any costs or funding commission, is:

	DoCA (excl GST)		Liquidation (excl GST)	
	Low	High	Low	High
Cash dividend	3,500,426	4,185,426	3,400,426	3,835,426
Convertible notes <sup>1</sup>	6,018,765	19,955,947	6,018,765	19,955,947
<b>Total</b>	<b>9,519,191</b>	<b>24,141,373</b>	<b>9,419,191</b>	<b>23,791,373</b>
Variance	100,000	350,000		

<sup>1</sup> Adopting the same basis of valuation as applied in the report dated 16 March 2018 entitled "SurfStitch Group Limited (SGL) & SurfStitch Holdings Pty Limited (SHPL) (Both Administrators Appointed) Report to Creditors – Pursuant to Section 439A of the Corporations Act (Cth) 2001", following conversion of the convertible notes. The convertible notes are held by SHPL and under the SHPL DoCA.