

10 Shelley Street Sydney NSW 2000

P O Box H67 Australia Square 1215 Australia ABN: 51 194 660 183 Telephone: +61 2 9335 7000 Facsimile: +61 2 9335 7001

DX: 1056 Sydney www.kpmg.com.au

2 October 2015

CIRCULAR TO CLIENTS

BBY Nominees Pty Limited (Administrators Appointed) ACN 007 001 443 ("BBY Nominees")

Dear Sir/Madam

On 17 May 2015, BBY Limited and 9 other companies within the BBY stockbroking group, including BBY Nominees, were placed into voluntary administration. Stephen Vaughan and Ian Hall of KPMG were appointed Administrators pursuant to Part 5.3A of the *Corporations Act* 2001 (Cth) ("Act").

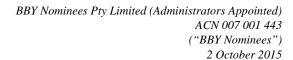
Voluntary Administration is a statutory insolvency procedure and moratorium period to allow companies in financial distress time to develop a restructuring plan or, if this is not possible, to allow for a more orderly liquidation. The role of the voluntary administrator is to investigate the company's affairs, to report to creditors and to make recommendations to creditors regarding the future of the company.

On Monday, 18 May 2015 Stephen Parbery and Brett Lord of PPB Advisory were appointed Receivers and Managers over BBY Limited and other group companies (but not BBY Nominees) and assumed control of the wider business.

Further information regarding the external administrations of the wider group of BBY companies can be found at http://www.kpmg.com/AU/bby.

BBY Nominees apparently acted as a trustee and nominated custodian for clients of the BBY business in respect of domestic and international accounts as well as holding 'house accounts'. At the time of administration, the records available to the Administrators were inadequate to determine the identity of BBY Nominees clients and creditors, the extent of assets the Company held and whether assets were owned by the Company or held on trust for others. Therefore, on 12 June 2015, the Administrators obtained orders from the Supreme Court of New South Wales to extend the convening period for a statutory second meeting of the creditors to allow time to carry out further investigations into the assets and liabilities and to assess a proposal received for a Deed of Company Arrangement.

We issued a report to clients and creditors of BBY Nominees on 29 September 2015 setting out the results of our investigations. We identified listed and unlisted domestic and international shares and options in relation to 224 investments that appear to be held in a nominee capacity on behalf of approximately 600 clients. We consider that all custodian arrangements should be terminated and unwound as quickly as possible. Our intention is that all trust assets will be transferred or otherwise dealt with in accordance with any instructions received from those beneficially entitled to them as quickly as the circumstances allow.





We are writing to each former client of BBY Nominees at the time of this circular to explain next steps in the process. In many cases we are seeking that clients provide responses to a short questionnaire (in the form attached) and further substantiating documentation where this is not available in the company records. Given the large number of holdings and clients with individual circumstances that need to be addressed we expect this process will take some months to complete. As there are currently no funds in the administrations to cover our costs we are offering clients the choice of:

- Working through a resolution process with us and paying a facilitation fee to cover our associated costs. The applicable fees will vary according to the size and complexity of the holdings in question. Clients nominating to transfer their holdings to another nominee will be asked to pay a fee as a condition of the transfer. Clients who nominate to have their holdings sold will have the fee, as well as third party brokerage, deducted from the sale proceeds. The fee covers costs in reviewing company records and supporting documentation, taking legal advice where necessary, confirming entitlements and facilitating transfers or sales as required.
- Participating in a court directions process to resolve and deal with claims. Where client holdings cannot be sufficiently substantiated or where clients choose not to pay a facilitation fee, we anticipate that we may ultimately need to make an application to court under the Trustee Act 1925 (NSW) or the Corporations Act to deal with client holdings. A court process is likely to involve significant delay and uncertainty and be more time consuming and expensive. We expect that, in any case, there will be a portion of holdings where court directions will be necessary due to an inability to identify and contact the client, substantiate an entitlement or resolve any disputes. Those however, will only be dealt with after priority has been given holdings that can be resolved directly with clients and upon sufficient monies being collected in the estate to cover our remuneration, fees and expenses of making this application.

Should you wish to check the address the Administrators have is correct or for any further queries in relation to the above, please contact Leah Diprose of my office on (02) 9295 3877 or via email at bby@kpmg.com.au.

Yours faithfully

Stephen Vaughan Administrator

Note: Please note that this process is separate from and will not have any effect on the court process which is currently being conducted in the Supreme Court of New South Wales in respect of the client monies held by BBY Limited (Receivers & Managers Appointed) (in Liquidation).



BBY NOMINEES QUESTIONNAIRE

Information required	Response
Client name	
Client contact	Telephone: Fax: Email:
Do you have legal representation, if so, would you like us to contact your lawyer rather than you directly?	
Could you please provide us with a copy of any nominee, custodian, trustee or similar agreement which was entered into by you with BBY Nominees?	
Could you please provide us with a copy of any client application forms or other trading terms which were entered into by you with BBY or BBY Nominees?	
When did you first start dealing with BBY or BBY Nominees?	
How many shares do you say are held on your behalf by BBY Nominees and in what companies?	
Which broker/advisers did you deal with at BBY or BBY Nominees in respect to these shares?	
Please provide us with copies of all documents in your possession relating to these shares, including, but not limited to:	
all instructions issued by you to BBY or BBY Nominees regarding these shares;	
certificates of title/registrations forms so far as applicable;	





Information required	Response
all correspondence and emails exchanged between you and BBY or BBY Nominees concerning these shares;	
any invoices, remittance advice or deposit slips applicable to your purchase or sale of these shares; and	
any dividends paid to you in respect of these shares.	
Can you please explain why you arranged for these shares to be held on your behalf by BBY Nominees?	
Do you want to arrange for the administrators to sell these shares?	
Do you want to have control of the shares transferred to another custodian, if so, please provide us with their details	
The administrators will require an indemnity before they can deal with any of these shares. Could you please confirm whether you or another party is prepared to provide the administrators with an appropriate indemnity.	