

26 March 2009

**TO THE CREDITOR AS ADDRESSED**

Dear Sir/Madam

**RE: CORNERSTONE HOTELS PTY LTD  
(RECEIVERS AND MANAGERS APPOINTED) ("THE COMPANY")  
ACN 124 250 120**

**CORNERSTONE HOTELS PROPERTY PTY LTD  
(RECEIVERS AND MANAGERS APPOINTED) ("THE COMPANY")  
ACN 124 963 560**

**COLLECTIVELY KNOWN AS ("THE GROUP")**

Peter McCluskey and I were appointed joint and several receivers and managers of the Group on 26 March 2009 pursuant to the provisions contained in a registered debenture charge created by the Group.

I now control the Group's assets and operations and am assessing the Group's financial position. The Group's directors have been requested to prepare a Report as to Affairs which sets out the Group's financial position as at the date of appointment.

Enclosed is an information sheet, from the Australian Securities and Investments Commission and the Insolvency Practitioners Association of Australia, which provides general advice to creditors of a company in receivership.

I raise the following matters regarding the receivership.

**1. Trading**

At this stage, the receivers and managers intend continuing the Group's trading and draw your attention to the following.

**1.1 Trading Accounts**

The Corporations Act 2001 ("the Act") provides that the receivers and managers are personally liable for liabilities arising from services rendered, goods bought or property hired, leased, used or occupied during the receivership. Please note that the receivers and managers do not accept liability for any goods purchased or services rendered without

- A purchase order authorised by one or more of the specified authorised signatories set out in the list accompanying this circular. Please note the authority limits; and

When replying please quote:  
Our Ref: IM:SW:M:A1/B9  
o:\preclrm043b.doc  
G:\JRL\Cornerstone Hotels Pty Ltd\preclrm043b.doc

**MELBOURNE**  
Level 29 600 Bourke Street  
Melbourne VIC 3000 Australia  
PO Box 290 Collins Street West  
Melbourne VIC 8007  
phone +61 3 9600 4922  
fax +61 3 9642 5887  
email fhmelb@fh.com.au  
www.ferrierhodgson.com  
DX 125 Melbourne

ADELAIDE  
BRISBANE  
NEWCASTLE  
PERTH  
SYDNEY  
HONG KONG  
JAKARTA  
KUALA LUMPUR  
MANILA  
MUMBAI  
SHANGHAI  
SINGAPORE  
TOKYO  
affiliated through  
Zolfo Cooper  
and  
Kroll Worldwide  
UNITED STATES  
UNITED KINGDOM

- A Tax Invoice. Where you do not provide a Tax Invoice, I am obliged by law to deduct 48.5% from any payment due and remit the amount to the Australian Taxation Office.

Please open a new account named, "Cornerstone Hotels Pty Ltd (Receivers and Managers Appointed)", addressed to the Group's premises and charge future authorised orders to that account. Accounts will be paid in accordance with your usual terms of credit, or other credit terms agreed between you and the receivers and managers, provided the supply of goods or services has been properly authorised and the invoice value is the amount specified on the authorised order. Invoices submitted for amounts exceeding the authorised amount will only be paid to the amount authorised.

If there are any outstanding or unfulfilled orders placed by the Group prior to my appointment, including those under which there are goods in transit, please contact Ms Natalie Reid of this office to obtain written confirmation that the order should proceed.

If you are currently a customer of the Group and also a creditor, please note that any goods supplied to you after the date of my appointment must be paid for by you. You cannot off set an amount due to me, for goods or services supplied after my appointment, against a pre appointment account owed to you by the Group. Supply will not proceed until you confirm in writing that payment will be made in accordance with agreed credit terms.

## **1.2 Consignment Stock, Retention of Title and Liens**

If you supplied consignment stock to the Group, or believe you provided stock subject to a 'Retention of Title' clause, please contact my office as a matter of urgency.

If you claim a lien over any of the Group's assets, you are asked to set out details of your claim in writing to the receivers and managers immediately.

## **1.3 Contracts/Agreements**

The receivers and managers expressly refrain from personally adopting any of the Group's contracts existing at the date of their appointment. All contracts are currently under review. The receivers and managers will advise the status of contracts as soon as practicable; that is, whether or not they remain on foot.

## **1.4 Property Used but Not Owned by the Company**

In accordance with section 419A of the Act, the Receivers and Managers' liability under hire or lease agreements does not commence until seven days after their appointment.

I will write separately to known hire and lease creditors regarding such assets. Please contact this office if you do not receive my letter.

## **2. Employees**

I have written separately to employees regarding my appointment.

### 3. Unsecured Creditors

You should note that the receivers and managers' primary duty is to their appointor, the secured creditor. Payment of unsecured creditors' accounts as at 26 March 2009 is deferred pending the satisfactory settlement of the secured creditor's debt.

Notwithstanding, I request, that creditors complete the attached form regarding the amount claimed to be owing by the Group as at the date of my appointment and return it to my office immediately. The completed form will assist reconciliation of the Group's accounts with those of the creditors.

### 4. Further Information

For further information concerning the receivership process and Ferrier Hodgson, you may wish to visit our website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com). Queries regarding the receivership should be directed to Ms Natalie Reid of this office.

Yours faithfully



JOHN LINDHOLM  
RECEIVER AND MANAGER

Encl.

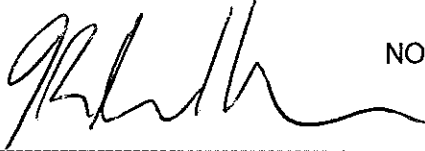
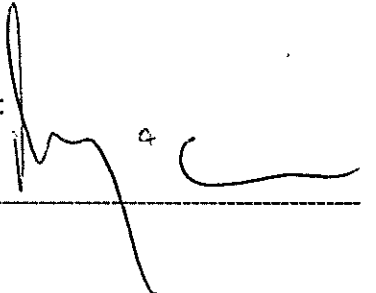


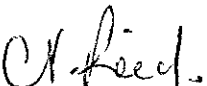
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AUTHORISED SIGNATORIES

SPECIMEN SIGNATURES

		AUTHORITY LIMIT
NAME: JOHN LINDHOLM	SIGNATURE: 	NO LIMIT
NAME: PETER McCLUSKEY	SIGNATURE: 	NO LIMIT
NAME: IAN MORTON	SIGNATURE: 	\$100,000
NAME: RICHARD BASTOW	SIGNATURE: 	\$50,000
NAME: NATALIE REID	SIGNATURE: 	\$10,000



ASIC

Australian Securities & Investments Commission



Insolvency Practitioners Association of Australia

## Insolvency information for directors, employees, creditors and shareholders

ASIC has nine insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There's also a glossary of commonly used insolvency terms.

The Insolvency Practitioners Association of Australia (IPAA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

### ***List of insolvency information sheets***

- Insolvency: a glossary of terms
- Voluntary administration: a guide for creditors
- Voluntary administration: a guide for employees
- Liquidation: a guide for creditors
- Liquidation: a guide for employees
- Receivership: a guide for creditors
- Receivership: a guide for employees
- Insolvency: a guide for shareholders
- Insolvency: a guide for directors

### ***Getting copies of these information sheets***

Visit ASIC's website [www.asic.gov.au/insolvencyinfosheets](http://www.asic.gov.au/insolvencyinfosheets).

You can also visit the IPAA's website [www.ipaa.com.au/bestpractice](http://www.ipaa.com.au/bestpractice). This site also contains the IPAA's Statements of Best Practice, applicable to IPAA members.

**Important note:** These information sheets contain a summary of basic information on the topic. They are not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. They may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.