

Provident Capital Limited (Receivers and Managers Appointed) ("PCL" or "the Company")



Q&A – Borrowers

Notice: The following information seeks to provide answers to general queries from mortgage holders and other borrowers of Provident Capital Limited.

If you require any further information or have any specific queries please contact the dedicated PCL hotline on +61 2 8280 7110. Alternatively, email your query to provident@linkmarketservices.com.au.

<p>A1. What has happened to PCL? / Why did the Receivership come about?</p>	<p>On 3 July 2012, Philip Carter, Tony Sims and Marcus Ayres of PPB Advisory, were appointed as Joint and Several Receivers of Provident Capital Limited ("PCL" or "the Company") pursuant to an Order of the Federal Court of Australia. They were also subsequently appointed as Joint and Several Receivers and Managers to the Company on 10 July 2012 pursuant to a fixed and floating charge granted by the Company in favour of Australian Executor Trustees Limited</p> <p>In February 2012, following extensive discussions with the Company and ASIC, AET engaged PPB Advisory to prepare an independent expert report which was issued in March 2012. This report highlighted a potential deficiency of assets to meet liabilities.</p> <p>The Company subsequently issued an Information Booklet on 4 April 2012 which included its financial results for the six months to 31 December 2011, PCL reported a loss of \$9.091M. This loss was largely the result of the Company increasing its provisions against the carrying values of its loans and advances.</p> <p>Given the financial position of the Company and in order to protect all Debentureholders' interests, AET applied to the Federal Court, for leave to appoint Receivers to the Company.</p> <p>In doing so, AET has ensured that all Debentureholders would be treated equally.</p>
<p>A2. What are the next steps?</p>	<p>The Receivers will now undertake an urgent assessment of the Company's financial position in order to determine the best means by which its assets can be realised as to maximise returns to Debentureholders.</p>

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<p>A3. What is a Receivership?</p>	<p>Receivership is an insolvency procedure where if a company is in financial difficulty, a secured creditor or the Court may put the company into the hands of an independent party.</p> <p>For more information regarding the Receivership process, please visit www.asic.gov.au.</p>
<p>A4. What is the role of the Receivers?</p>	<p>The role of the Receivers in this case is to act as an independent party to take control of the property of PCL in order to ensure that the property is protected in the interests of all Debentureholders.</p> <p>The Receivers are empowered to administer the property and manage PCL.</p> <p>The Receivers are appointed pursuant to an Order of the Federal Court of Australia for the purpose of recovering assets subject to security held by AET on behalf of all Debentureholders. This security entitled the Debentureholders to be paid in priority to other pre-Receivership claims, except for certain employee claims.</p>
<p>A5. What is the implication of the Receivership?</p>	<p>The role of the Receivers is to:</p> <ul style="list-style-type: none"> • Collect and sell enough of the assets subject to the security to repay the debts owed to Debentureholders. This may include selling assets or the Company's business. • Pay out the money collected in the order required by law; and • Report to ASIC any possible offences or other irregular matters they come across. <p>The primary duty of the Receivers is to the Company's secured creditors, i.e. – AET (on behalf of the Debentureholders) and Adelaide & Bendigo Bank Limited. We will work with AET to report to Debentureholders on the status of the Receivership process regularly.</p>
<p>A6. How long will the Receivership process take?</p>	<p>Given we were only appointed on 3 July 2012, it is too early to comment but we are working in a timely manner to arrive at an outcome as soon possible.</p>

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<p>A7. Is PCL continuing to trade?</p>	<p>Whilst PCL will not be extending any new loans or other advances, the Receivers will work with the Company's existing management and staff to ensure that existing loans are appropriately serviced.</p> <p>As a result of the above, some staff and operations will be retained to assist the Receivership process achieve these goals.</p>
<p>A8. Now that PCL is in Receivership, are you able to call my loan in early?</p>	<p>We would expect that the terms of your loan would, in the ordinary course, remain unchanged. Should this not be the case, we will contact you individually.</p>
<p>A9. I am in the process of renovating or developing my property and was going to need a further drawdown in the future. Can I still make this application?</p>	<p>Due to the nature of the Receivership, PCL will not be making any new loans to new or existing borrowers.</p>
<p>A10. I am currently behind in my mortgage repayments but had reached an agreement with PCL as to how it should be dealt. Will the Receivers still honour the agreement?</p>	<p>The Receivers will be looking at all loans on a case by case basis.</p> <p>We will consult with you directly in the event we wish to take any new actions.</p>

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<p>A11. My loan is close to its LVR covenants. Will you be reviewing the status of my loan or revaluing my property?</p>	<p>The Receivers will be looking at all loans on a case by case basis.</p> <p>We will consult with you directly in the event we wish to take any new actions.</p>
<p>A12. I am in default of my loan. Will the Receivers be taking possession?</p>	<p>The Receivers will be looking at all loans on a case by case basis.</p> <p>We will consult with you directly in the event we wish to take any new actions.</p> <p>Notwithstanding, given that you are in default of your obligations, we strong recommend you seek your own independent legal advice as to your rights and obligations under the loan agreement.</p>
<p>A13. Who do I continue to make my repayments to?</p>	<p>Please continue to make repayments to the Company as you were prior to the appointment of the Receivers. Presently, there is no change in this regard.</p>
<p>A14. Who do I contact to change the details of my loan?</p>	<p>Please contact your existing relationship manager at PCL.</p> <p>Alternatively, if you kindly provide us with your contact details, we will arrange for somebody at the Company to respond to you in due course.</p>
<p>A15. Will I still get my periodic loan statements?</p>	<p>Yes - the Receivers will be working with the Company's existing management team and staff to ensure that borrowers continue to be serviced in the ordinary course.</p>
<p>A16. Where can I get information my loan balance, interest rate, expiry term, etc?</p>	<p>Please contact your existing relationship manager at PCL.</p> <p>Alternatively, if you kindly provide us with your contact details, we will arrange for somebody at the Company to respond to you in due course.</p>

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<p>A17. I have a good relationship with the current staff at PCL as they understand my situation and history of my loan. Will the staff be staying on?</p>	<p>The Receivers will be working with the Company's existing management team and staff to ensure that borrowers continue to be serviced in the ordinary course with as minimal disruption as possible.</p>
<p>A18. Now that a Receiver has been appointed to PCL, do I have to honour my loan?</p>	<p>Yes – notwithstanding the appointment of Receivers to the Company, you are still required to comply with all your obligations under the initial loan agreement signed between you and PCL.</p>
<p>A19. If I want to re-finance with another institution, is this possible?</p>	<p>Yes - please contact your existing relationship manager at PCL. Alternatively, if you kindly provide us with your contact details, we will arrange for somebody at the Company to respond to you in due course.</p>
<p>A20. PCL had previously taken possession of my property as MIP. Can I apply to the Receivers to return it to me?</p>	<p>The Receivers will be looking at all loans on a case by case basis. Should you have a proposal for consideration of the Receivers regarding the realisation of your asset, please forward an email to provident@linkmarketservices.com.au with your contact details and outline in writing the specifics of your proposal.</p>
<p>A21. PCL previously had a strategy in place to sell my property where they were acting as MIP. Will the Receivers continue with that strategy?</p>	<p>The Receivers will be looking at all loans on a case by case basis. We will consult with you directly in the event we wish to take any new actions.</p>

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<p>A22. PCL had previously taken possession of my property as MIP. Will I have any say in how/when my property is realised?</p>	<p>The Receivers will be looking at all loans on a case by case basis.</p> <p>Should you have a proposal for consideration of the Receivers regarding the realisation of your asset, please forward an email to provident@linkmarketservices.com.au with your contact details and outline in writing the specifics of your proposal.</p>
<p>A23. PCL had previously taken possession of my property as MIP. How has the situation changed now the PCL is in Receivership?</p>	<p>The Receivers will be looking at all loans on a case by case basis.</p> <p>We will consult with you directly in the event we wish to take any new actions.</p>
<p>A24. Where can I get a copy of other public communications issued by the Receivers?</p>	<p>A copy of all key communications issued to stakeholders can be found on either:</p> <p>The PPB Advisory website: www.ppbadvisory.com under the link to 'Provident Capital Limited' in the Creditor Information section</p> <p>or</p> <p>By contacting PPB Advisory through the dedicated hotline +61 2 8280 7110</p> <p>or</p> <p>Emailing a request to provident@linkmarketservices.com.au and including 'Copy Report Request' in the email subject line.</p>
<p>A25. I need to update my details (name, address, bank account(s), advise of a deceased estate, etc) – who do I contact?</p>	<p>Yes - please contact your existing relationship manager at PCL.</p> <p>Alternatively, if you kindly provide us with your contact details, we will arrange for somebody at the Company to respond to you in due course.</p>

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<p>A26. Who are Link Market Services?</p>	<p>Link Market Services is Australia's leading share registry and financial services provider, managing over 10 million account records and over 1,000 ASX securities.</p> <p>We also provide specialist administrative services to insolvent companies and for a range of structure products including fixed interest securities.</p>
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