

11 March 2016

## NOTICE TO DEBENTUREHOLDERS

Dear Debentureholder

**Provident Capital Limited**  
**ACN 082 735 573**  
**(Receivers Appointed) (In Liquidation) ("Provident" or "the Company")**

We refer to our previous communications in relation to this matter, and set out below an update on the status of the Receivership, in particular to our proceedings against Provident's directors for breach of their duties of care and diligence in managing the affairs of Provident (**Director Proceedings**).

We recommend that this letter is read in conjunction with our other publications issued to Debentureholders. All previous publications are available on our website at [www.ppbadvisory.com](http://www.ppbadvisory.com) under 'Provident Capital Limited' in the Creditors Information section. Alternatively, copies of issued publications can be requested from the Debentureholder registry service being maintained by Link Market Services (**Link**). Link's contact details appear on the final page of this Notice.

### Litigation funding

We are pleased to announce that we have entered into a litigation funding deed (**the Funding Deed**) with Claims Funding Australia Pty Limited (**CFA**) and Maurice Blackburn Lawyers for the purposes of prosecuting the Director Proceedings. The Funding Deed was signed effective from Friday, 11 March 2016.

The terms of the Funding Deed were reached following an extensive process to test the market of third party funders as to their interest in funding Provident's claim, along with detailed due diligence and negotiations.

The agreement with CFA and Maurice Blackburn Lawyers follows an Order from the Federal Court of Australia on Friday, 4 March 2016 confirming it was appropriate for the Receivers to execute the Funding Deed. The terms of the Funding Deed are otherwise confidential pursuant to the Court Orders.

Entry into the Funding Deed provides for a number of benefits to Debentureholders such as:

1. allows Provident to further progress the Director Proceedings by drawing upon the resources of CFA and Maurice Blackburn Lawyers
2. reduces the risk to Provident's estate of any future legal costs associated with the Director Proceedings
3. provides protection to the estate by accepting liability for any adverse costs should they be awarded against Provident in the Director Proceedings
4. allows us to preserve the existing funds within the Receivership to pursue other actions and/or return them to Debentureholders.

## **Who are CFA and Maurice Blackburn Lawyers?**

Maurice Blackburn Lawyers is one of Australia's leading social justice law firms with a strong track record in managing large and complex litigation cases, including some of Australia's landmark legal decisions.

CFA is a special purpose vehicle, the beneficial interests in which are owned by the principals of Maurice Blackburn Lawyers, established for the purposes of funding litigation claims. CFA similarly has a strong record in successfully funding complex litigation cases often in insolvency, such as is the case with the Director Proceedings.

## **Status of Director Proceedings**

The Director Proceedings were commenced in February 2014. Provident's claim is detailed in a statement of claim that was filed on 1 December 2014 with the Supreme Court of NSW (which is available on our website at [www.ppbadvisory.com](http://www.ppbadvisory.com)). Provident's directors filed their defence to the claim on 24 and 28 July 2015.

We have since commenced serving our lay evidence and agreed a timetable for further lay and expert evidence to be served, scheduled for completion by 27 May 2016. The matter is listed for further directions on 1 April 2016.

Please refer to page 4 of our Report to Debentureholders as dated 23 December 2015 for further details. Debentureholders can obtain a copy of this report from our website at [www.ppbadvisory.com](http://www.ppbadvisory.com) or by contacting Link.

## **Further information**

Further information in respect of the Receivership is available on our website at [www.ppbadvisory.com](http://www.ppbadvisory.com) under 'Provident Capital Limited' in the Creditors Information Section.

Please direct any further queries to the Debentureholder registry service maintained by Link Market Services, contact details are as follows:

Address: Provident Capital Limited  
(Receivers Appointed) (In Liquidation)  
c/- Link Market Services  
Locked Bag A14  
Sydney South, NSW 1235, Australia

Telephone: +61 2 8767 1194

Facsimile: +61 2 9287 0303

Email: [provident@linkmarketservices.com.au](mailto:provident@linkmarketservices.com.au)

Yours faithfully



**Marcus Ayres and Christopher Hill**  
Receivers  
Provident Capital Limited