

2 August 2012

NOTICE TO DEBENTUREHOLDERS

Dear Debentureholder

Provident Capital Limited
ACN 082 735 573
(Receivers and Managers Appointed) (“the Company”)

We refer to our appointment as Joint and Several Receivers to the Company pursuant to an Order of the Federal Court of Australia on 3 July 2012 and to our subsequent appointment as Joint and Several Receivers and Managers to the Company pursuant to a fixed and floating charge granted by the Company in favour of Australian Executor Trustees Limited (“AET”) on 10 July 2012.

Purpose

The purpose of this communication is to provide you with an update as to the status of the Receivership and to advise you of an information session that is scheduled for Monday, 13 August 2012.

We recommend that this letter should be read in conjunction with our Notice to Debentureholders dated 4 July 2012. A copy of this letter is available on our website at www.ppbadvisory.com under ‘Provident Capital Limited’ in the Creditors Information section.

Status of Receivership

As previously advised, our overriding objective is to achieve an outcome for Debentureholders that maximises returns. We propose to do this by conducting an urgent assessment of the Company’s assets and business to determine the best course of action to maximise the underlying value of assets available to meet Debentureholders’ claims.

Since our appointment, we have attended to the following:

- Identified and preserved the Company’s business and assets
- Engaged with the Company’s secured creditors in respect of strategies for the realisation of their security
- Identified opportunities and implemented strategies to reduce overheads and generate cost savings
- Commenced expression of interest campaigns for the sale of part of the Company’s assets and business
- Commenced developing asset management strategies for each non-performing loan
- Commenced investigation into the affairs of the Company and what claims may be available against third parties.

We are currently undertaking further analysis regarding the Company’s business and assets and will provide Debentureholders with further information in the near future.

Calculation of your claim

Subject to the Court's approval, to ensure all Debentureholders are treated equally, all future distributions to Debentureholders during the Receivership will be made on a pro-rata basis in reduction of the face value of debentures. The reason for this is that we expect there to be a shortfall on the principal amount owing to Debentureholders and, on that basis, we have determined that it would be inappropriate for any future distributions to include an interest component.

We confirm that the Company records indicate that as at 3 July 2012, the face value of your debenture(s) is as follows:

Holder Reference Number	Debenture certificate number	Face value (\$)

Please quote your unique Holder Reference Number(s) in all communications with Link Market Services ("Link") for ease of identification. If you have more than one, you will need to quote all.

The Receivers and Managers are currently preparing an application to the Federal Court of Australia to receive directions under the Trustee Act 1925 (NSW) and/or the Corporations Act 2001 (Cth) to confirm the methodology proposed to pay future distributions. Any Court Order made will be available shortly on our website.

In the interim, should you dispute any of the figures used above, please contact the Debentureholder registry service maintained by Link, their contact details appear at the bottom of this letter.

Annual tax statements

We are working closely with the staff at the Company so that this information can be made available.

We will advise Debentureholders as to the status of these statements separately.

Information Session

We have convened an Information Session for all Debentureholders to be held on Monday, 13 August 2012. Details of the meeting are provided below:

State	Venue	Address	Local time
NSW	Wesley Conference Centre	220 Pitt Street, Sydney NSW 2000	10.30AM
VIC	Rydges Hotel	186 Exhibition Street, Melbourne VIC 3000	10.30AM
QLD	Christie Conference Centre	Caribbean Room, Level 1, 320 Adelaide Street, Brisbane QLD 4000	10.30AM
SA	Hilton Hotel	Victoria Room, 233 Victoria Square, Adelaide SA 5000	10.00AM
WA	Hilton Hotel	Swan Room, 14 Mill Street, Perth WA 6000	8.30AM

This is an informal Information Session only. No binding resolutions on the Debentureholders will be passed and attendance or non-attendance will not impact your rights or claims as a Debentureholder in any way.

Should you wish to pose a question at the Information Session, then please return the attached questionnaire via post using the Business Reply Envelope enclosed prior to Thursday, 9 August 2012. This will assist us in ensuring that we can adequately prepare to respond to all concerns raised by Debentureholders at the Information Session.

Finally, we kindly ask that all Debentureholders arrive at the venue 30 minutes prior to the meeting, bringing a copy of this letter with you, in order to allow sufficient time for registration and seating.

In the event that you cannot attend, all information provided at the Information Session will be made available on our website at www.ppbadvisory.com under 'Provident Capital Limited' in the Creditors Information section.

Further information

Further information is available on our website at www.ppbadvisory.com under 'Provident Capital Limited' in the Creditors Information section.

Otherwise, please direct any further queries to the Debentureholder registry service maintained by Link.

Link's contact details are as follows:

Address: Provident Capital Limited (Receivers and Managers Appointed)
C/- Link Market Services Limited
Locked Bag A14, Sydney South,
NSW 1235, Australia

Telephone: +61 2 8280 7110

Facsimile: +61 2 9287 0303

Email: provident@linkmarketservices.com.au

Yours faithfully



Phil Carter, Tony Sims and Marcus Ayres
Joint and Several Receivers and Managers
Provident Capital Limited