

28 September 2012

NOTICE TO DEBENTUREHOLDERS

Dear Debentureholder

Provident Capital Limited
ACN 082 735 573
(Receivers and Managers Appointed) (Administrators 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.

On 18 September 2012, Tony McGrath and Joseph Hayes of McGrathNicol were appointed as Joint and Several Voluntary Administrators to the Company by AET pursuant to Section 436C of the Corporations Act 2001 (*Cth*). Further detail in respect to this appointment is contained within this notice.

Purpose

The purpose of this communication is to provide you with an update as to the status of the Receivership and in particular of an application for directions with the Federal Court of Australia. Due to the nature of the application this notice is being published to our website (at www.ppbadvisory.com) and issued to Debentureholders via email only.

We recommend that this letter should be read in conjunction with our Notices to Debentureholders dated 4 July 2012 and 2 August 2012. Copies of these letters are available on our website at www.ppbadvisory.com under ‘Provident Capital Limited’ in the Creditors Information section.

Application to Federal Court

On 28 September 2012, we filed an application with the Federal Court of Australia which we expect will be heard within the next 7 days. A copy of the Interlocutory Process to be filed is attached for your review and consideration.

The purpose of the application is twofold:

1. To overcome a manifest error in the Trust Deed that is silent on what constitutes a quorum for a meeting of Debentureholders. It is proposed that a quorum is validly constituted should Debentureholders representing at least 10% of the face value of debentures on issue be present at a meeting of Debentureholders either in person or by proxy.

2. Confirm that we would be justified in proposing an amendment to the Trust Deed which would allow us to confirm the appropriate treatment of claims from Debentureholders.

At present, the Trust Deed provides, in our opinion, a potentially undesirable and an unworkable order for the repayment of funds (being first to interest, then to principal).

Given the above, we propose (subject to the Court's orders) to put forward the following resolution for Debentureholders to vote on (hereon referred to as "the Proposed Resolution"):

That clause 11.5 of the Trust Deed be amended so as to insert the underlined text and to delete the struck out text, as set out below:

11.5 Application of Money Received by Trustee

Subject always to the rights of persons whose claims to payment are preferred by law, all money received by the Trustee or any receiver from the Company, as a consequence of enforcement of the Trustee's rights against the Company, must be applied in the following order:

- 11.5.1 *first, in payment of the Trustee's remuneration and other expenses under this deed:*
- 11.5.2 *second, in payment of the receiver's remuneration and expenses;*
- 11.5.3 *third, in payment to the Trustee for the account of debenture holders in respect of interest accrued but unpaid on current debentures up to (and including) 3 July 2012;*
- 11.5.4 *fourth, in payment to the Trustee for the account of debenture holders in respect of the face value of current debentures;*
- 11.5.4A *fifth, when the face value of current debentures has been repaid in full, in or towards payment to the Trustee for the account of debenture holders in respect of interest accrued but unpaid on current debentures after 3 July 2012 (such interest to accrue after 3 July 2012 at a flat rate of 8.4% per annum on each current debenture on the daily balance of the face value remaining unpaid of that debenture despite any provision to the contrary in this deed or in the Terms of Issue of any debenture); and*
- 11.5.5 *fifth, sixth, when the amounts referred to in clause 11.5.4A have been paid in full, any balance to the Company.*

In this regard, we kindly request that should any Debentureholders wish to provide us with their feedback on the existing application (and in particular the Proposed Resolution), that they forward any comments they have on the above by no later than close of business Wednesday, 3 October 2012 to the Debentureholder registry service maintained by Link Market Services ("Link").

We note that Link's contact details are provided on the last page of this letter.

Voluntary Administration

As detailed above, Messrs Tony McGrath and Joseph Hayes of McGrathNicol were appointed on 18 September 2012 as Joint and Several Voluntary Administrators to the Company.

The appointment of Voluntary Administrators is another step which AET has undertaken to preserve potential actions that the Company may have against third parties which could give rise to future recoveries to repay Debentureholder claims.

Debentureholders are not required to prove their claim in the Voluntary Administration given that all Debentureholders are secured creditors by virtue of AET's security interest. Further, AET in its capacity as Trustee representing all Debentureholders and will be responsible for lodging claims and voting at meetings in the Voluntary Administration.

Control of the Company's assets and business operations will otherwise remain with the Receivers and Managers. Any updates on the status of the Receivership will continue to be communicated directly to Debentureholders via post or on our website at www.ppbadvisory.com.

All Debentureholders should continue to contact the Debentureholder registry service maintained by Link on the details below with any further queries.

Assistance from the Department of Human Services (“DoHS”)

We are pleased to advise that we have received confirmation from the DoHS that as a consequence of the Receivership, your debentures will no longer be classified as a financial investment.

As a result, interest payable on the debentures will no longer be considered for social security means testing purposes with effect from 3 July 2012. Debentureholders whom are affected by the above changes and/or consider that they are eligible for assistance should contact DoHS on 132 300 or visit your local Centrelink office.

An information sheet issued by DoHS providing you with further information has been uploaded on to our website at www.ppbadvisory.com.

Annual tax statements

All Debentureholders should have received their annual tax statement for the financial year ending 30 June 2012.

In the event that you have not received your annual tax statement by 30 September 2012, please contact Link on the details below so that they can investigate your request and arrange for this to be re-issued.

Further information

Further information in respect to the Receivership 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)
(Administrators 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

INTERLOCUTORY PROCESS

(rule 2.2)

IN THE FEDERAL COURT OF AUSTRALIA

No. NSD808 of 2012

DIVISION: GENERAL

REGISTRY: NEW SOUTH WALES DISTRICT

IN THE MATTER OF **PROVIDENT CAPITAL LTD (RECEIVERS & MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED)**

ACN 082 735 573

AUSTRALIAN EXECUTOR TRUSTEES LIMITED

ACN 007 869 795

Plaintiff

PROVIDENT CAPITAL LIMITED (RECEIVERS AND MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED)

ACN 082 735 573

Defendant

Applicants: Australian Executor Trustees Ltd and Marcus William Ayres, Philip Patrick Carter and Anthony Milton Sims (**Receivers**) as receivers and managers of Provident Capital Ltd (receivers and managers appointed) (administrators appointed) (**Company**) claiming relief in this application.

A. DETAILS OF APPLICATION

This application is made under sections 424, 283EC and 283HA of the *Corporations Act 2001* (Cth) for directions and orders.

On the facts stated in the supporting affidavits, the applicants apply for the following relief:

1. That pursuant to sections 424 and 283HA of the *Corporations Act 2001* (Cth) the Court directs that on the proper construction of the Debenture Trust Deed dated 11 December 1998 (as amended from time to time) (**Deed**) the Company would be justified in amending clause 18.2 of the Deed pursuant to clause 18.1.4 and/or 18.1.5 by adding clause 18.2.7 which shall provide:

Filed by:	Applicants	
Name:	Australian Executor Trustees and Marcus William Ayres, Philip Patrick Carter and Anthony Milton Sims as receivers and managers of Provident Capital Ltd (receivers and managers appointed)	
Address for Service:	Henry Davis York Lawyers 44 Martin Place Sydney NSW 2000	DX: 173 Sydney Tel: +61 2 9947 6000 Fax: +61 2 9947 6999 Ref: CXE/MRC/3130204
Legal practitioner with primary conduct	Alex Mufford Partner, Henry Davis York	

"18.2.7 a quorum representing debenture holders with at least 10% of the face value of debentures on issue must be present at the meeting in person or by proxy."

2. In the alternative to paragraph 1, that pursuant to section 283EC of the *Corporations Act 2001* (Cth), an order that the Plaintiff be directed to conduct a meeting of the debenture holders for the purpose of passing a resolution to amend the Deed pursuant to clause 18.1 of the Deed in the terms proposed in paragraph 1, and that such meeting must:
 - (a) consist of a quorum representing debenture holders with at least 10% of the face value of debentures on issue present in person or by proxy; and
 - (b) be otherwise convened otherwise in accordance with clause 18.2 of the Deed.
3. That pursuant to sections 424, 283HA of the *Corporations Act 2001* (Cth) the Court directs that the Plaintiff and the Receivers would be justified in proposing the amendment to the Trust Deed in the terms proposed in the draft Notice of Meeting of Debenture Holders and Explanatory Statement appearing at page # of exhibit # to the affidavit of Marcus William Ayres sworn 26 September 2012.
4. Such other or further orders as the Court thinks fit.

Dated: September 2012

Craig Ensor
Legal practitioner representing the applicants

This application will be heard by the Federal Court of Australia at Queen's Square, Sydney at 9.30 am on October 2012.

B. NOTICE TO RESPONDENT(S) (IF ANY)

If you or your legal practitioner does not appear before the Court at the time shown above, the application may be dealt with, and an order made, in your absence.

Before appearing before the Court, you must, except if you have already done so or you are the plaintiff in this proceedings, file a notice of appearance, in the prescribed form, in the Registry and serve a copy of it on the plaintiff in the originating process.

Note: Unless the Court otherwise orders, a respondent that is a corporation must be represented at a hearing by a legal practitioner. It may be represented at a hearing by a director of the corporation only if the Court grants leave.

C. FILING

This interlocutory process is filed by Craig Ensor for the applicants.

D. SERVICE

The applicants' address for service is:

Henry Davis York
Lawyers
44 Martin Place
Sydney NSW 2000
DX: 173 Sydney
Tel: +61 2 9947 6000
Fax: +61 2 9947 6999

It is intended to serve a copy of this interlocutory process on respondent and on any person listed below:

Australia Securities and Investments Commission
22 Market Street
SYDNEY NSW 2000