



Provident Capital Limited (Receivers Appointed) (In Liquidation)

**Update to Debentureholders
As at 30 September 2015**

23 December 2015

Update to Debentureholders

Dear Debentureholders

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 now provide an update on the progress of the Receivership.

We recommend that this Report be read in conjunction with our previous communications with Debentureholders, which are available on our website at www.ppbadvisory.com under 'Provident Capital Limited' in the Creditors Information section. Alternatively, copies of issued documents can be requested from the Debentureholder registry service maintained by Link Market Services (**Link**). Link's contact details appear opposite.

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

If you have any queries (including requests to obtain copies of previous communications) please contact the Debentureholder registry service maintained by Link.

Link's contact details are as follows:

Address: Provident Capital Limited
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Yours faithfully



Marcus Ayres and Christopher Hill
Receivers
Provident Capital Limited

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1 Executive Summary

1.1 Forecast total return

Debentureholders	Paid to date (cents in the \$)	Forecast future distributions (cents in the \$)	Total forecast return (cents in the \$)
Interest to 3 July 2012	4*	-	4
Principal	8	4	12
Total	12	4	16

Other	Paid to date (cents in the \$)	Forecast future distributions (cents in the \$)	Total forecast return (cents in the \$)
BEN	100	-	100
MIF	97	3	100
HYF	100	-	100

- We continue to estimate that Debentureholders will receive 16 cents in the dollar (inclusive of principal and interest).
- We have successfully repaid the BEN loan facility in full on 10 April 2015.
- We continue to expect that Unitholders in MIF will receive a capital return of 100 cents in the dollar.
- We have successfully repaid 100 cents in the dollar of capital together with an income distribution of 2.789 cents in the dollar to Unitholders in HYF. The HYF was since wound up on 31 March 2015.

We will continue to assess our ability to make future distributions, however these will be subject to the outcome of ongoing recovery actions.

1.2 Key activities since our last report

Since our last report, we have continued to:

- progress our proceedings against Provident's directors for breach of their duties of care and diligence in managing the affairs of Provident (**Director Proceedings**). This is further detailed in section 2 of this report.
- progress the recovery of outstanding loans. This has involved:
 - ongoing negotiations with borrowers for repayment of their loan facilities
 - litigation with borrowers
 - taking possession of security properties and preparing them for sale
 - liaising with property experts such as town planners and geotechnical advisors to prepare the properties for sale
 - progressing sale campaigns and exploring opportunities to realise illiquid assets.
- rationalise the Company's business operations to generate cost savings for the benefit of Debentureholders.

2 Litigation

2.1 Status of Director Proceedings

As you are aware, we have commenced proceedings against the directors of Provident for a breach of their duties of care and diligence in managing the affairs of Provident (**Director Proceedings**).

We have detailed within the below table the key dates and actions in the Director Proceedings, noting that the matter is next listed for directions on 1 April 2016.

Date	Action
28 February 2014	Provident filed a statement of claim against Provident's directors
29 September 2014	Provident approached the Court for leave to amend the initial statement of claim to expand and further particularise the allegations pleaded. The motion was opposed by Provident's directors
1 December 2014	Provident served an amended statement of claim against Provident's directors
19 December 2014	Provident's directors consented to the filing of the amended statement of claim and withdrew their strike out application
10 February 2014	The Court granted an extension for Provident's directors to submit their defence until 29 May 2015
30 June 2015	Provident's directors requested further time to submit their defence and would approach the Court seeking a further extension of time
3 July 2015	After a brief hearing, the Court ordered that Provident's directors would have until 24 July 2014 to lodge their defence before returning on 3 August 2015 for further directions
24 July 2015	Messrs Malcolm Bersten, Trevor Seymour and John Sweeney file their defence
28 July 2015	Mr Michael O'Sullivan (Managing Director) files his defence

17 August 2015	Court makes directions (by consent) on Provident to serve its lay evidence and next hearing date
30 September 2015	Court transfers the Director Proceedings to the Commercial List
19 October 2015	Court makes directions (by consent) providing Provident further time to serve its lay evidence
26 October 2015	Provident files affidavit of Marcus Ayres (Receiver) putting forward primary evidence in the case
20 November 2015	Court makes directions (by consent) for, inter alia, the provision of books and records to Provident's directors and service of Provident's expert evidence
1 April 2016	Matter listed for further directions
27 May 2016	Provident to serve its expert evidence

A copy of the amended statement of claim served on Provident's directors on 1 December 2014 has been made available on our website at www.ppbadvisory.com under 'Provident Capital Limited' in the Creditors Information section. Due to the nature of the Court process we are unable to further comment on these proceedings at this stage.

2.2 Actions by the Australian Securities and Investments Commission (ASIC)

ASIC has imposed the following penalties on Provident's directors for breach of their duties as directors and/or a failure to comply with financial services laws as a consequence of their conduct as directors of Provident:

- Michael O'Sullivan, Provident's Managing Director, has been banned from managing a corporation for five years and from providing financial services for seven years;
- Trevor Seymour, one of Provident's non-executive directors, has been banned from managing corporations and providing financial services for three years; and
- John Sweeney, one of Provident's non-executive directors, has been banned from providing financial services for two years.

We understand that those banning orders are presently under appeal.

2.3 Class action proceedings

We understand that:

- Slater & Gordon have commenced a class action against AET in the Federal Court of Australia in December 2014; and
- Meridian Lawyers have subsequently commenced a separate class action against AET in the Supreme Court of NSW in July 2015.

We are not a party to either proceeding and are not aware of the status of those proceedings in general.

2.4 Appointment of Special Purpose Receivers

As detailed in our website update of 5 June 2015, we were approached by the Liquidators of Provident in April 2015 who advised that they wished to investigate the conduct of AET and what causes of action, if any, Provident may hold against AET for its role in the collapse of Provident. The Liquidators asked for funding from the estate of Provident to progress their investigations. This funding is separate to the two class action proceedings currently on foot.

As a result of that request, we sought directions from the Court.

On 22 May 2015 the Court appointed Messrs Tony McGrath and Joseph Hayes of McGrathNicol (the current Liquidators) as Special Purpose Receivers for the sole purpose of investigating whether Provident may have a claim against AET.

The Special Purpose Receivers were required to report to the Court by 12 November 2015 on the status of their investigation. We understand that the Special Purpose Receivers advised the Court that they did not consider that any claims against AET should be pursued. Given this concludes their investigation, the Special Purpose Receivers retired from office.

Any queries regarding this investigation should be referred to McGrathNicol on +61 2 9338 2600.

2.5 Retirement as AET's Receiver and Manager

As you know, we were appointed by both the Court and by AET, the trustee.

The Receivers were retired from office by AET on 6 November 2015, but remain appointed in office by orders of the Federal Court of Australia. This will have no practical effect on the conduct of the receivership. From the date of retirement, the Receivers will report solely to the Court (rather than to the Court and AET as was previously the case).

2.6 Public examinations

Copies of the transcripts of the public examinations of Provident's directors conducted in 2014 can be inspected by Debentureholders at PPB Advisory's offices upon request. Please notify any requests by contacting Link on +61 2 8767 1194 or provident@linkmarketservices.com.au.

2.7 Other recovery actions

We will continue to consider potential avenues of recovery and will update you should there be any material developments in this respect.

3 Forecast returns

3.1 Forecast return to Debentureholders

	Paid to date (cents in the \$)	Forecast future distributions (cents in the \$)	Total forecast return (cents in the \$)
Interest to 3 July 2012	4*	-	4
Principal	8	4	12
Total	12	4	16

* 4 cents equates to 100% return of interest owing as at 3 July 2012

Our estimated return to Debentureholders of 16 cents in the dollar (inclusive of principal and interest) remains unchanged. This estimate is predicated on the following assumptions, which, if they were not to materialise, could reduce the estimated return. These include, but are not limited to:

- no new significant provisions against outstanding loans
- positive and timely outcomes from the remaining property enforcement matters
- no significant adverse changes to property market values
- continued support of the remaining Provident staff member
- forecast litigation costs (although we may be able to procure third party funding for such costs moving forward) remaining in line with forecast
- actual projected cash outflows being consistent with the estimated outcome statement detailed in Appendix A.

We further note that this estimate excludes any potential recoveries from litigation against third parties that have either been commenced (such as the Director Proceedings) or may be pursued by the Receivers or the Liquidators.

Interim distributions of 12 cents in the dollar (inclusive of principal and interest) have been paid to date. This equates to approximately \$14.8 million of distributions to Debentureholders.

Debentureholders should contact Link if they have not received their distributions or require an accounting of amounts received.

3.1.1 Timing of future distributions

We will continue to assess our ability to make future distributions, however these will be subject to the outcome of ongoing recovery actions.

3.2 Estimated outcome statement

We have prepared a summary of our receipts and payments for the period to 30 September 2015 along with our projected cash inflows and outflows in Appendix A.

3.3 Bendigo & Adelaide Bank Limited (BEN)

As Debentureholders are aware, upon our appointment, BEN held security over a separate loan portfolio comprising of 75 individual loans against its principal debt of approximately \$74 million.

We have since realised assets subject to BEN security sufficient to repay their outstanding indebtedness in full, with formal settlement of the arrangements being agreed with BEN on 10 April 2015.

All costs incurred in realising BEN's security were covered from the proceeds of loan realisations. In addition, we generated further revenue for Provident by negotiating (shortly after our appointment) a monthly special servicer fee based on a percentage of the principal loan portfolio balance.

Repayment of the BEN facility was achieved through the realisations of loans and other amounts secured by BEN. The proceeds from the remaining loans in the BEN funded portfolio will flow into the Receivership for the benefit of Debentureholders. These hold an estimated realisable value of circa \$5.5 million.

3.4 Provident Capital Monthly Income Fund (MIF)

As at 30 September 2015, Unitholders in MIF had received distributions totalling 93 cents in the dollar. We have since settled the one remaining outstanding loan and litigation matter, allowing for the wind up of MIF to progress. This has also allowed for the payment of a further distribution of 4 cents in the dollar on 10 December 2015, taking total distributions to 97 cents in the dollar.

We continue to estimate that Unitholders will receive a capital return of 100 cents in the dollar, with a final distribution to be made when MIF is wound up in the first half of 2016.

All costs incurred in realising loans within MIF have been paid for by MIF directly, including professional time costs where Provident took possession of the underlying security properties. Provident also received a management fee as Responsible Entity (RE) for MIF which was calculated as a percentage of Funds under Management (FUM).

As FUM reduced, the management fee was likely to be insufficient to allow the RE to meet ongoing costs of MIF. To allow Provident to continue to wind up MIF, Provident wrote to Unitholders in March 2015 proposing to amend the management fee structure. The amended fee structure which took effect from 1 May 2015 results in the RE giving up the management fee, but all ongoing operational costs of MIF are to be paid directly by MIF.

Unitholders should refer to the recently posted MIF benchmark report for the period ended 30 June 2015 for a more detailed update. Alternatively, a copy of the benchmark report is available on our website at www.ppbadvisory.com under Provident within the Creditors Information section.

3.5 Provident Capital High Yield Fund (HYF)

Unitholders in HYF received 100 cents in the dollar for their capital invested, and an income distribution of 2.789 cents in the dollar, with the last distribution paid on 19 March 2015. HYF was wound up on 31 March 2015.

4 Realisation of loan portfolio

4.1 Summary of loan portfolio

	Number	Provident's carrying value (\$)	Receivers' estimated gross realisation (\$)
Performing	1	657,238	
Default	3	6,005,878	
Mortgagee in possession	2	28,944,037	
Total	6	35,607,153	Commercially sensitive

We expect to realise approximately \$6.4 million from the remaining six loans. This compares to a carrying value (inclusive of principal and interest) of \$35.6 million recorded within Provident's books as recoverable.

Provident has commenced enforcement action against five of the six borrowers and currently in possession of two underlying security properties out of those five.

4.1.1 Performing

This loan is not scheduled to mature until 2028 and is currently within terms. We are in constructive discussions with the borrower to accelerate repayment of the carrying value of the loan.

4.1.2 Default

We have commenced proceedings against these borrowers to progress recovery of these loans.

The enforcement strategies in respect of the matters are commercially sensitive, and we are not in a position to disclose the nature of those strategies.

However, due to the protracted nature of litigation, it may be some time before our disputes are completely resolved, and consequently these loans are realised.

4.1.3 Mortgagee in possession

At 30 September 2015, Provident was in possession of two security properties, namely:

- development site in Gold Coast, QLD
- non-operating vineyard in the Hunter Valley region, NSW

The development site in Gold Coast has been detailed (to various extents) in our previous communications with Debentureholders. The nature of this security property is such that this realisation has proven costly and protracted, although we anticipate conditions will improve regarding this site which will allow the asset to be marketed in early 2016.

We are pleased to advise that the sale of the non-operating vineyard completed on 18 November 2015.

4.2 Residual and related party loans

There are 15 residual loans valued at \$22.9 million representing the shortfall following realisation of the primary security property, together with one related party loan valued at \$4.2 million.

We are actively considering steps to recover these loans but owing to the age of the loans and the parlous nature of many of the borrowers, it may not be commercially viable to pursue these residual debts.

5 Next steps

Our immediate focus will continue to be on the realisation of the remaining loan assets and progression of the Director Proceedings.

The key workstreams within the Receivership that are currently being processed include, but are not limited to:

- attending to the ongoing day to day operations of Provident's business, albeit at a substantially reduced level
- ongoing recovery of the remaining loans, including legal enforcement action against recalcitrant borrowers (where commercially viable) and the realisation of assets where Provident is mortgagee in possession
- ongoing wind down of MIF
- investigating the ability to recover any value in relation to residual debt exposures and the related party loan
- ongoing dialogue with our tax advisors and the ATO to determine if further recoveries of overpaid tax prior to the Receivership are possible
- ongoing rationalisation of the day-to-day operational costs associated with Provident's business in line with the reduced loan portfolio / business requirements
- progressing the Director Proceedings in line with the current timetable set by the Court including preparing evidence and coordinating same with our legal advisors
- ongoing dialogue with litigation funders and adverse cost insurers regarding alternative options to fund the Director Proceedings
- responding to applications, subpoenas and other court orders from AET and the respective class action groups
- ongoing reporting to the Court and Debentureholders on the conduct of the Receivership
- ongoing liaison with key stakeholders such as AET, ASIC, the Liquidators/Special Purpose Receivers
- facilitating further distributions to Debentureholders as and when funds become available.

6 Professional fees

6.1 Key actions undertaken since our appointment

A summary of the key actions undertaken throughout the course of our appointment is provided below:

- notifying and convening two national information sessions for Debentureholders
- preparing submissions to Court and receiving approval to amend the Trust Deed allowing for distributions to Debentureholders to commence
- distributing in excess of \$14.8 million to Debentureholders
- repaying the loan to BEN in the amount of circa \$74 million in full and taking steps to unlocking the remaining loans with an estimated equity value of \$5.5 million
- overseeing the wind down of MIF and completing the wind down of HYF
- completing the sale of the Mortgage Manager Program
- managing the day to day operations of Provident's business, including commencing enforcement action (where required) to recover outstanding loans
- ongoing management and realisation of security properties controlled by Provident in its capacity as mortgagee in possession
- attending to recovery of the loan portfolios and exploring options to accelerate recoveries eg. portfolio sales
- completing the sale of two portfolios of par loans to MKM Capital Pty Limited generating approximately \$12 million
- resolving litigation matters in progress as at the date of our appointment generating approximately \$5.7 million in recoveries
- prosecuting a large number of contested claims in order to recover assets from borrowers, guarantors and in some case advisors to Provident
- reporting to BEN and Unitholders in MIF and HYF regarding the wind down of their respective loan portfolios
- regularly considering options to reduce ongoing Provident operational costs where possible
- preparing and lodging objections to the ATO for its historical tax returns resulting in gross recoveries in excess of \$2.6 million (with further recoveries expected)

- undertaking an extensive investigations program into Provident's historical affairs resulting in the Director Proceedings and considering other possible actions against third parties (including, but not limited to former auditors of Provident)
- conducting public examinations of Provident's directors for a period of over 10 days
- prosecuting the Director Proceedings, involving significant engagement with legal advisors, counsel and expert witnesses
- ongoing dialogue with litigation funders and adverse cost insurers regarding alternative options to fund the Director Proceedings
- filing protective proceedings against PwC, Provident's former auditors up to January 2008
- responding to applications, subpoenas and other court orders from AET and the respective class action groups
- liaising and meeting with ASIC, the Liquidators and Special Purpose Receivers
- ongoing reporting to AET, the Court and Debentureholders regarding the conduct of the Receivership.

6.2 Receivers' remuneration to date

Our remuneration is based on time incurred, calculated in accordance with the rates set by PPB Advisory in accordance with the Australian Restructuring, Insolvency and Turn Around Association's Best Practice Guide. These rates have been approved by the Federal Court of Australia.

The Receivers have incurred approximately \$10.5 million (GST exclusive) in professional fees for the period to 30 June 2015, however have only paid \$8.35 million (GST exclusive). We have not drawn any remuneration since 1 April 2014 in an effort to fairly balance the cashflow to debentureholders in the context of the broader matter and future recoveries.

A summary of our time costs to date and the key Receivership work streams that they relate is presented at Appendix C.

Full particulars of work undertaken and remuneration incurred were historically provided to AET for approval as well as to ASIC for the review and comment (we note that ASIC does not approve our remuneration).

Following our retirement as AET's privately appointed receivers and managers on 6 November 2015, we intend to apply to the Court for all future fee approvals. No fees will be paid until the completion of this process.

For Debentureholders who wish to raise queries in respect of our remuneration (including reviewing copies of our remuneration reports), the reports are available for review, but will be limited to a summary of the classes of work performed and not the full remuneration reports. This is because the full remuneration reports include detailed narrations of the completed tasks which are in certain cases commercially sensitive in nature or subject to privilege where those narrations detail discussions had with Provident's legal team, or third parties on a without prejudice basis.

6.3 Future remuneration

We estimate that our future costs could be approximately \$1.61 million (GST exclusive) from 1 July 2015 to completion of the Receivership.

This estimate is dependent upon a number of variables, including but not limited to developments pertaining to litigation against delinquent borrowers and the timely progression of the Director Proceedings in line with our current expectations. Due to the inherent complexity and uncertainty associated with litigation, it is extremely difficult to predict with any degree of accuracy or certainty our future estimated costs. We continue to consider options to reduce the costs of the Receivership where possible, and note that given the current status of the Receivership, the ability to realise further cost savings is limited.

Appendix A. Estimated outcome statement

	Amount (\$)
Cash inflows	
BEN - Loan realisation and equity	80,409,213
FTI - loan realisation plus interest	41,963,274
Refund of pre-appointment income tax	2,564,839
Pre-appointment cash at bank	2,168,371
MIF and HYF income	2,080,165
Repayment of loan to Cashflow Finance Solutions	500,000
MMP - Commission income and realisation of income trail	117,590
Other Income	111,818
Total cash inflows	129,915,270
Cash outflows	
Distributions to BEN	(74,081,496)
Distribution to Debentureholders - interest component	(4,780,069)
Corporate overheads	(8,795,294)
Receivership costs – paid to date	(9,359,002)*
2015	(2,380,133)
Receivership costs – future estimated	(1,619,867)
Legal Fees – Paid to date	(7,833,637)
Legal Fees – Future estimated	(3,500,000)
Trustee legal and professional costs to 3 July 2012	(653,959)
Security trustee fees	(302,025)
Loan to Cashflow Finance Solutions	(587,253)
Voluntary Administrator costs - McGrathNicol	(122,271)
Liquidator costs - McGrathNicol	(165,000)
Special purpose receiver costs - PWC Claim - McGrathNicol	(101,565)
Special purpose receiver costs - AET Claim - McGrathNicol	(100,000)
Total cash outflows	(114,381,570)
Estimated net cash available for distribution to Debentureholders	15,533,700

Please note:

- all figures in Appendix A include GST
- all loan realisations are net of expenses
- this outcome statement does not include any recoveries from the Director Proceedings or costs there to. The net outcome of these proceedings will be in addition to the projected \$15.53 million noted above

Appendix B. Receipts and Payments

*We note that Receivership costs are for the period 3 July 2012 to 31 March 2014, as no Receivership costs have been paid for the period from 1 April 2014. Further explanation of the allocation to work streams is located in Appendix C.

	Amount (\$)
Receipts	
BEN - Loan realisation and equity	68,525,266
FTI - loan realisation plus interest	42,866,799
Refund of pre-appointment income tax	2,564,839
Pre-appointment cash at bank	2,168,371
MIF and HYF income	2,080,165
Interest income	1,517,203
MMP - Commission income and realisation of income trail	587,590
Loan repayment from Cashflow Finance Solutions	500,000
Other income	322,690
Total receipts	121,132,923
Costs of Receivership	
Receivership costs and disbursements*	(9,359,001)
MIP property expense	(7,069,089)
Corporate overheads	(8,550,598)
Legal fees	(7,833,638)
Trustee legal and professional costs to 3 July 2012	(653,959)
Loan to Cashflow Finance Solutions	(587,253)
Voluntary Administrator costs - McGrathNicol	(122,271)
Liquidators costs - McGrathNicol	(41,477)
Special purpose receivers - PWC Claim - McGrathNicol	(101,565)
Security trustee fees	(202,025)
Total Costs	(34,520,875)
Distributions	
Distributions to BEN	(65,171,112)
Distributions to Debentureholders - Interest	(4,780,069)
Distributions to Debentureholders - Principal	(10,037,438)
Total Distributions	(79,988,619)
Net receipts and payments	6,623,429

Appendix C. Summary of time costs

The Receivers have incurred approximately \$10.51 million (GST exclusive) in professional fees for the period 3 July 2012 to 30 June 2015. We have summarised below our time costs over this period across ten key work streams within the Receivership, as shown in the table below:

Workstream	Value (\$) (GST exclusive)	Hours
Asset management	3,084,493.75	7,843.86
Loan portfolio management	1,498,210.40	4,513.85
Funds management	565,636.00	1,139.83
Other Assets	156,248.50	326.60
Litigation	885,354.80	1,793.93
Investigation	977,702.30	2,336.73
Creditors	826,921.50	1,838.75
Employees	139,111.00	375.80
Dividend	34,356.50	88.15
Trading	1,040,810.70	2,777.70
Administration	1,294,929.75	3,506.68
Total	10,503,775.20	26,541.87

As detailed in section 6.2 of this report, we have only drawn \$8.35 million against this amount, relating to the period 3 July 2012 to 31 March 2014.

We provide below a non-exhaustive summary of the tasks completed within each of the key work streams detailed above:

Asset and loan portfolio management

- Ongoing management of security properties in Provident's capacity as mortgagee in possession
- Review of loan positions and constructing strategy around realisation of remaining portfolio loans
- Reporting on loan portfolio positions
- Taking possession of security properties

- Dealings with tenants (including taking control of rent)
- Dealings with mortgagor/owner of the security property
- Engaging valuers, sales agents and solicitors
- Developing and executing realisation strategy
- Liaising with property experts (town planners, geotechnical advisers)
- Ongoing liaison with local planning authorities
- Engaging and making enquiries of statutory bodies (for land tax, council/water rates)
- Reporting to key stakeholders.
- Reporting on enforcement action in relation to loan portfolio
- Monitoring wind down of loan portfolio.

Funds management

- Preparing reporting for update of unitholders in Funds
- Management of MIF and HYF.
- Managing regulatory requirements of Funds
- Monitoring wind down of MIF and HYF.

Creditors

- Ongoing reporting to AET and BEN in their capacity as secured creditors
- Preparing reports to Debentureholders
- Notifying and coordinating information sessions of Debentureholders
- Responding to queries from Debentureholders
- Ongoing liaison with the Debentureholder registry service maintained by Link.

Employees

- Managing staffing requirements
- Responding to staff queries
- Ongoing payroll, superannuation and workers compensation requirements
- Calculation of employee entitlements and other amounts owing to staff.

Trading

- Ongoing liaison with borrowers
- Ongoing liaison with third party service provider for loan operating system and reporting
- Assessing and undertaking enforcement action against defaulting borrowers
- Participating in settlement discussions with borrowers.

Investigation and litigation

- Developing and undertaking investigations into Provident's historical affairs, including the conduct of its directors and officers
- Investigating potential claims against third parties such as auditors, valuers and other advisors
- Overseeing over public examinations of Provident's directors
- Collecting and forensically reviewing Provident's hard copy and electronic books and records
- Briefing solicitors and devising settlement strategies for pre-existing litigation matters upon our appointment
- Commencing and prosecuting the Directors Proceedings
- Ongoing liaison with litigation funders and adverse cost insurers regarding alternative means to fund the Directors Proceedings
- Responding to applications, subpoenas and other court orders from AET and the class action groups.

Administration

- Preparation of overall engagement strategy
- Management of bank account administration
- Ongoing statutory reporting to ASIC and ATO
- Liaising with statutory bodies
- Risk mitigation planning
- Discussions with legal team regarding receivership legal strategy
- Dealing with insurance and risk mitigation
- Strategic planning of the Receivership
- Closure of MIP engagements
- General file administration and document management
- Attending to ad hoc tasks.

Proportionality of fees charged to asset realisations

Task area*	Fees incurred (\$)	Assets realised (\$)	Proportion of fees to assets
Asset and loan portfolio management	5,416,737	98,635,963	5.5%
Funds management	1,399,668	10,583,810	13.2%
Other assets	990,281	4,508,264	22.0%
Investigation and litigation	2,697,089	7,404,886	36.4%
Total	10,503,775	121,132,923	8.7%

*Please note that total overhead costs of \$3,336,129 have been apportioned in equal parts to the above task area realisations. This includes the work streams described above as Creditors, Employees, Dividend, Trading and Administration.

We have prepared the above table to provide Debentureholders with context as to the costs incurred to recover assets within the Receivership. When preparing this table we have allocated overhead costs of \$3.3m in equal parts so that all fees incurred are reflected. Specifically we note:

- total fees incurred of \$10.5m represent approximate 9% of all asset realisations
- the majority of time incurred has been in respect to the recovery of the loan portfolios which is expected given that this is the largest category of assets held by Provident
- whilst investigation and litigation costs incurred represent 36.4% of all realisations, this task area:
 - incorporates costs incurred in respect of the Director Proceedings which are presently before the Court, which subject to the outcome of the value of the assets realised we expect the proportion of fees to assets to change
 - allows no provision for a recovery of costs in the Director Proceedings which could be used to offset existing costs and therefore reduce the proportion of fees to assets