Form 3A (version 5)
UCPR 6.2

SECOND FURTHER AMENDED STATEMENT OF CLAIM

(filed pursuant to leave granted by Ball J on 27 January 2017)

COURT DETAILS

Court	**SUPREME COURT OF NEW SOUTH WALES**
Division	**EQUITY**
Registry	**SYDNEY**
Case number	2015/171592

TITLE OF PROCEEDINGS

Plaintiffs	**JOHN SMITH AND ROSEMARY SMITH**
Defendant	**AUSTRALIAN EXECUTOR TRUSTEES LIMITED ACN 007 869 794**

FILING DETAILS

Filed for	**John Smith and Rosemary Smith**, Plaintiffs
Legal representative	Douglas Raftesath, Meridian Lawyers
Legal representative reference	
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TYPE OF CLAIM

Other (The Corporations List Judge)

RELIEF CLAIMED

1 An order under s.283F(1)(a) of the *Corporations Act 2001* (Cth) ("**Corporations Act**") that the Defendant pay compensation to the Group Members and each of them for the loss or damage suffered by each of them by reason of the Defendant's contraventions of s.283DA(b)(ii) of the Corporations Act.

2 Interest pursuant to s.100(1) of the *Civil Procedure Act 2005* (NSW)

3 Costs.

4 Such further or other order or orders as the Court sees fit.

PLEADINGS AND PARTICULARS

The Plaintiffs

1. The Plaintiffs bring this proceeding as a representative party of the Group Members pursuant to Pt 10 of the *Civil Procedure Act 2005* (NSW).

2. The Plaintiffs are, and have been since 13 September 2010, holders of debentures issued by Provident Capital Limited (receivers and managers appointed) (in liquidation) ACN 082 735 573 ("**Provident**").

Particulars

Debenture Certificate no. D001263151 dated 14 September 2010 in the sum of $100,000 for a 2-year period.

Provident

3. Provident:

   (a) is a corporation duly registered under the *Corporations Act*;

   (b) was incorporated on or about 25 May 1998;

   (c) at all material times was the holder of an Australian Financial Services Licence ("**AFSL**") no.225172 pursuant to Chapter 7 of the *Corporations Act*;

   (d) at all material times carried on the business of borrowing money from the public by issuing debentures under Chapter 2L of the *Corporations Act*;

   (e) at all material times invested those funds so raised in first ranking mortgages;

   (f) was placed into receivership on 29 June 2012 by order of the Federal Court of Australia;

   (g) entered into voluntary administration on 18 September 2012;

   (h) entered into liquidation pursuant to a creditors' voluntary winding-up on 24 October 2012.

The Group Members

4. The members of the group to whom this proceeding relates ("**Group Members**") are all those persons and entities:

   (a) who were a holder of debentures issued by Provident as at 29 June 2012; and

   (b) [deleted].

   (c) have signed a relevant funding agreement with Litman Holdings Pty Limited by 5pm on 16 July 2015.

The Defendant

5. The Defendant, Australian Executor Trustees Limited ("**AET**"):

   (a) is a corporation duly registered under the *Corporations Act*;

   (b) at all material times carried on the business of providing trustee services including trustee services to companies which had issued debentures under Chapter 2L of the *Corporations Act*;

   (c) at all material times held itself out as having particular knowledge, skill and experience in the provision of trustee services.

Common Questions

6. The questions of law or fact common to the claims of the Group Members are:

   (a) whether Provident breached the LVR Criteria Requirement in the Trust Deed as pleaded in paragraph 20 below;

   (b) whether Provident breached the Use of Debenture Funds Requirement in the Trust Deed as pleaded in paragraph 21 below;

   (c) whether Provident breached the Business Conduct Requirement and/or s.283BB(a) of the *Corporations Act* as pleaded in paragraph 22 below;

   (d) whether Provident breached the Solicitor's Certificate of Title Requirement in the Trust Deed as pleaded in paragraph 23 below;

   (e) whether a trustee exercising reasonable diligence in the position of AET, in order to discharge its obligations under s.283DA(b)(ii) of the *Corporations Act* would have at least done the things pleaded in paragraphs 24 and 25 below;

(f) whether AET contravened s.283DA(b)(ii) of the *Corporations Act*, in that it failed to exercise reasonable diligence to ascertain whether Provident had committed breaches of:

(i) the LVR Criteria Requirement in the Trust Deed as pleaded in paragraph 27(a) below;

(ii) the Use of Debenture Funds Requirement in the Trust Deed as pleaded in paragraphs 27(b) below;

(iii) the Business Conduct Requirement in the Trust deed in s.283BB(1) of the *Corporations Act* as pleaded in paragraph 27(c) below;

(iv) the Solicitor's Certification of Title Requirement in the Trust Deed as pleaded in paragraph 27(d) below.

Trust Deed for Debentures

7. AET was at all material times the trustee for debenture holders of debentures issued by Provident under Chapter 2L of the *Corporations Act* and under a Trust Deed made between AET and Provident ("**the Trust Deed**").

Particulars

(a) On about 11 December 1998 Provident and IOOF Australia Trustees (NSW) Ltd (ACN 000 329 706) ("**IOOF**") executed a Debenture Trust Deed pursuant to which IOOF was appointed as Trustee.

(b) On 19 November 2004 IOOF (then called Tower Trust (NSW) Ltd) retired and AET was appointed as the new trustee of the debenture scheme.

(c) The Trust Deed made on 11 December 1998 was amended by a Deed of Amendment dated 23 December 1999, a Deed of Amendment dated 24 November 2005 and Deed of Amendment dated 31 January 2011.

8. At all material times, the Trust Deed:

(a) provided that AET was appointed as trustee for the debenture holders subject to and in accordance with the Trust Deed.

Particulars

Trust Deed, clause 1A.1

(b) provided that AET declared that it had entered into the Trust Deed as trustee and would hold on trust for the benefit of the debenture holders:

(i) the right to enforce Provident's duty to repay the debenture funds;

Particulars

Trust Deed, clause 1A.2.1

(ii) the Charge created by the Trust Deed;

Particulars

Trust Deed, clause 1A.2.2

(iii) the right to enforce any other duties of Provident under:

(A) the terms of the debentures;

(B) the Trust Deed;

(C) the *Corporations Act*.

Particulars

Trust Deed, clause 1A.2.3

(c) provided that Provident could at any time issue debentures to any person who applied for them under the Trust Deed.

Particulars

Trust Deed, clause 2.1

(d) provided that each finance facility transaction must satisfy the following criteria:

(i) the maximum amount to be made available by Provident under the finance facility must not be greater than the following proportions of the certified value of the primary facility security ("**LVR Criteria**") at the time Provident offered to grant the finance facility:

Primary Facility Security	**Maximum LVR ("LVR Limit")**
(A) Land for use for residential purposes	*85%*
(B) Land for use for commercial purposes	*75%*

(C) Land for use for industrial purposes	*75%*
(D) Land for use for rural purposes	*70%*
(E) Land for construction or development where the finance facility is to fund that construction or development	*70% of projected end value of development*

("**LVR Criteria Requirement**"),

where "certified value" in respect of any property means the market value of the property certified by a duly qualified real estate valuer appointed or approved by Provident to certify the value of the property.

Particulars

Trust Deed, clause 5.2.1

(ii) the finance facility must have been secured by a first ranking registered mortgage over the primary facility security.

Particulars

Trust Deed, clause 5.2.2

(iii) before permitting the first draw down on a finance facility, Provident must obtain a certificate from its solicitor ("**Solicitor's Certificate on Title Requirement**") to the effect that:

(1) Provident would receive a good title as first registered mortgagee of the particular facility security following registration of the relevant documents then held or to be received at the time of draw down;

Particulars

Trust Deed, clause 5.5.1

(2) setting out the information required by Provident;

Particulars

Trust Deed, clause 5.5.2

(e) defined "finance facility" to include:

(i) any advance, loan, forbearance or payment;

(ii) the discount, purchase, endorsement, payment or acceptance of a bill of exchange or other negotiable instrument, right or obligation;

(iii) the giving or payment of any guarantee or letter of credit;

(iv) any lease or any discount arrangement;

(v) the obtaining or undertaking of any liability, whether secured or unsecured or contingent or otherwise; and

(vi) any other form of financial accommodation whatsoever.

Particulars

Trust Deed, clauses 1.1, 1.1.18-1.1.23

(f) defined "facility securities" to mean the mortgages, liens, pledges, guarantees and other security interest held by Provident in connection with any finance facility given by Provident.

Particulars

Trust Deed, clause 1.1

(g) provided that Provident as beneficial owner charged in favour of the trustee for debenture holders all of Provident's present and future right, title and interest in Provident's assets to secure the due and punctual payment of the secured money ("**Charge**").

Particulars

Trust Deed, clause 4.1

(h) provided that the Charge was a first ranking charge and would take priority over all other encumbrances.

Particulars

Trust Deed, clause 4.2

(i) provided that the Charge operated as a floating charge over all of Provident's assets and, upon the occurrence of an event of default, automatically crystallised and operated as a fixed charge without the necessity for any action by the trustee for debenture holders.

Particulars

Trust Deed, clauses 4.3 and 4.4

(j) provided that Provident could only deal with debenture funds:

(i) by holding the application amount in trust for the applicant until the debenture certificate was issued for the application amount or the application amount was returned to the applicant at the request of the applicant;

Particulars

Trust Deed, clause 2.9

(ii) by using debenture funds principally to provide finance facilities to other people, including any related corporation, on the security and terms permitted under the Trust Deed;

Particulars

Trust Deed, clause 5.1

(iii) pending draw down in finance facility transactions, by investing debenture funds in any one or more or a combination of authorised investments as it determined appropriate, such investments being:

(A) any debentures bonds, stock or securities issued by or guaranteed by the government of Australia or any of the States or Territories of Australia;

(B) interest-bearing deposits at call or for a term with any bank authorised to carry on the business of banking anywhere in Australia;

(C) investment with any dealer in the short-term money market, approved by the Reserve Bank of Australia as an authorised dealer, that has established lines of credit with that bank as a lender of last resort;

(D) commercial bills of exchange issued by any corporation, including any related corporation;

(E) debentures and promissory notes of any corporation, including any related corporation;

(F) negotiable or convertible certificates of deposit issued by an Australian trading bank;

(G) land and buildings acquired by way of foreclosure under any security.

Particulars

Trust Deed, clauses 5.7 and 1.1.3-1.1.12

(iv) by using debenture funds (as from 24 November 2005) to pay expenses in connection with the exercise of any of Provident's rights under any of the facility securities or for the protection of any of these facility securities and the money secured by them, including work of a capital nature to property the subject of the facility security, or fees for services in managing the property the subject of the facility security ("**Use of Debenture Funds Requirement**");

Particulars

Trust Deed, clause 5.8

(k) provided that Provident covenanted that it would (among other things):

(i) strive to carry on and conduct its business in a proper and efficient manner ("**Business Conduct Obligation**");

Particulars

Trust Deed, clause 6.0.1

(ii) make available for inspection by AET or AET's auditor the whole of the financial or other records of Provident;

Particulars

Trust Deed, clause 6.0.2

(iii) give to AET or its auditor such information as AET or its auditor requires with respect to all matters relating to the financial or other records of Provident;

Particulars

Trust Deed, clause 6.0.3

(iv) keep or cause to be kept proper records of account and enter in those books of account full particulars of all dealings and transactions in relation to Provident's business;

Particulars

Trust Deed, clause 6.0.4

(v) duly and punctually, perform and comply with all covenants and other obligations imposed on Provident under the Trust Deed or under the conditions of issue of any debentures or under the *Corporations Act*;

Particulars

Trust Deed, clause 6.0.5

(vi) not without the prior consent of AET, create or attempt to create any encumbrances over the assets and ranking in priority to or equally with the company charge created by the Trust Deed;

Particulars

Trust Deed, clause 6.0.7

(vii) if requested by AET, provide to AET by no later than the 28th day of each month (or such other days as is agreed by AET), in respect of the preceding month in a form agreed by AET a schedule setting out (among other things):

(A) details of each financial facility committed during the month and the facility securities taken for that financial facility;

Particulars

Trust Deed, clause 6.0.8.1

(B) particulars of mortgage arrears at the end of the month and action taken by Provident to recover those arrears;

Particulars

Trust Deed, clause 6.0.8.6

(viii) give to AET a copy of the accounts and reports lodged with ASIC at the same time as those accounts and reports are lodged with ASIC;

Particulars

Trust Deed, clause 6.0.9

(ix) properly give written notice to AET as soon as it becomes aware of anything which might result, or has resulted, in a material adverse change in the:

(A) financial condition or operations of Provident;

Particulars

Trust Deed, clause 6.0.12.5.1

(B) the ability of Provident to perform its obligations under the Trust Deed;

Particulars

Trust Deed, clause 6.0.12.5.2

(l) provided that it was an "event of default":

(i) if Provident failed to pay any money within 21 days after the day upon which the payment became due and payable;

Particulars

Trust Deed, clause 11.1.1

(ii) if Provident defaulted in the performance of any obligation under the Trust Deed and, where reasonably capable of remedy, that default was not remedied within 21 days after Provident had received notice of or otherwise became aware of such default;

Particulars

Trust Deed, clause 11.1.2

(iii) if any person claimed a security interest over any of Provident's assets, attempted or became entitled to take possession of those assets;

Particulars

Trust Deed, clause 11.1.4

(iv) if Provident granted or allowed to come into existence any security interest over any of its assets without AET's prior written approval;

Particulars

Trust Deed, clause 11.1.8

(m) provided that following the occurrence of an "event of default", AET was entitled to:

(i) declare that all money owing (actually or contingently) on any current debentures was immediately due and payable; or

(ii) take action to enforce the Charge either itself or by the appointment of a receiver; or

(iii) apply to wind up Provident; or

(iv) take proceedings for a judgment against Provident for the payment of money or damages, or

any combination of those things.

Particulars

Trust Deed, clause 11.2

Procedure Manual

9. At all material times, Provident had a Credit Policy and Procedure Manual ("**Procedure Manual**") which set out the procedures to be followed in the approving, monitoring, enforcing and recovering all loans made by Provident.

Particulars

(a) the manual entitled "Provident Capital – Loans Policy Procedure Manual – June 2002" ("**June 2002 Procedure Manual**");

(b) the manual entitled "Provident Capital – Loans Policy and Procedures Manual – 30 June 2004" ("**June 2004 Procedure Manual**");

(c) the manual entitled "Provident Capital – Procedure Manual – Policy and Procedure Manual – Credit and Lending Department" dated 22 February 2007 ("**February 2007 Procedure Manual**");

(d) the manual entitled "Provident Capital Ltd – Credit Policy Manual – Credit and Lending Department" dated 22 February 2007 and reviewed by Manager Credit and Lending – August 2010 ("**August 2010 Procedure Manual**").

10. The Procedure Manual provided that:

(a) all loan applicants were required to submit a written loan application form for all new, additional or increased loans;

Particulars

(i) June 2002 Procedure Manual, sections 4.1;

(ii) June 2004 Procedure Manual, section 4.1;

(iii) February 2007 Procedure Manual, sections 4.3, 5.2 and 5.8;

(iv) August 2010 Procedure Manual, section 3.3.

(b) applicants were required to provide supporting documents to confirm income levels, expenditure, financial position (evidence of asset ownership) and identification to minimise the risk of fraud;

Particulars

(i) June 2002 Procedure Manual, section 4.1;

(ii) June 2004 Procedure Manual, section 4.1;

(iii) February 2007 Procedure Manual, section 3.15;

(iv) August 2010 Procedure Manual, section 3.17.

(c) valuation reports were required for each security property prior to the initial loan advance being made;

Particulars

(i) June 2002 Procedure Manual, sections 2.1.2, 2.1.3, 4.6 and 4.9;

(ii) June 2004 Procedure Manual, sections 2.1.2, 2.1.3, 4.6 and 4.9;

(iii) February 2007 Procedure Manual, sections 3.4, 3.5, 3.6, 3.14, 4.2, 4.3, 4.4, 4.5, 4.6, 5.4 and 5.8;

(iv) August 2010 Procedure Manual, sections 3.5, 3.6 and 3.15.

(d) for construction and development loans, the LVR was not to exceed 66% of land purchase price / valuation or 70% of the end value of the project "on completion" value;

Particulars

(i) June 2002 Procedure Manual, sections 2.1.1 and 4.6;

(ii) June 2004 Procedure Manual, sections 2.1.1 and 4.6;

(iii) August 2010 Procedure Manual, section 3.5 and Appendix 2.

(e) the term of construction and development loans was not to exceed 2 years in duration;

Particulars

(i) June 2002 Procedure Manual, section 2.1.1;

(ii) June 2004 Procedure Manual, section 2.1.1;

(iii) February 2007 Procedure Manual, section 4.6.

(f) for construction loans, valuations were required on all security properties on both an "as is" and "on completion" basis;

Particulars

(i) June 2002 Procedure Manual, section 2.1.1;

(ii) June 2004 Procedure Manual, section 2.1.1;

(iii) February 2007 Procedure Manual, section 4.6.

(g) for valuations:

(A) all property offered as security must be valued by an independent registered valuer as instructed by Provident;

Particulars

(i) June 2002 Procedure Manual, section 2.1.2;

(ii) June 2004 Procedure Manual, section 2.1.2;

(iii) February 2007 Procedure Manual, section 3.14;

(iv) August 2010 Procedure Manual, section 3.15.

(B) the valuation must be addressed to Provident and state that it has been prepared for mortgage purposes under instruction from Provident;

Particulars

(i) June 2002 Procedure Manual, section 2.1.2;

(ii) June 2004 Procedure Manual, section 2.1.2;

(iii) February 2007 Procedure Manual, section 3.14;

(iv) August 2010 Procedure Manual, section 3.15.

(C) only panel valuers are to be instructed;

Particulars

(i) June 2002 Procedure Manual, section 2.1.3;

(ii) June 2004 Procedure Manual, section 2.1.3;

(iii) February 2007 Procedure Manual, section 3.13;

(iv) August 2010 Procedure Manual, section 3.16.

(h) quantity surveyor reports were required to be obtained for each construction loan when assessing the transaction in conjunction with the valuation and each progress claim during the term of the construction loan was required to have a quantity surveyor report certifying the claim and confirming the cost to complete;

Particulars

(i) June 2002 Procedure Manual, section 4.6;

(ii) June 2004 Procedure Manual, section 4.6;

(iii) February 2007 Procedure Manual, section 3.15.

(i) a valuation was only valid for 3 months from the date of the valuation report;

Particulars

February 2007 Procedure Manual, section 3.6.

(j) when checking the valuation, Provident must read the valuation thoroughly and sign off (initial) the last page containing the valuation summary, noting the LVR on the report;

Particulars

(i) June 2002 Procedure Manual, section 2.1.3;

(ii) June 2004 Procedure Manual, section 2.1.3.

(k) when the valuation was received, it must be reviewed by the loan manager and a valuation certification completed;

Particulars

(i) February 2007 Procedure Manual, sections 3.6, 5.4 and 5.8

(l) Provident would utilise a Loan Assessment Worksheet on which would be recorded all assessments, calculations, recommendations, decisions (approved/declined) and any conditions which might be applied to the loan approvals;

Particulars

(i) June 2002 Procedure Manual, section 4.6;

(ii) June 2004 Procedure Manual, section 4.6.

(m) evidence of valuation of work completed must be furnished prior to the loan being partially or fully funded;

Particulars

(i) June 2002 Procedure Manual, section 4.6;

(ii) June 2004 Procedure Manual, section 4.6;

(iii) February 2007 Procedure Manual, section 3.15.

(n) Provident would not approve/fund a loan unless adequate property insurance was obtained and was current;

Particulars

(i) June 2002 Procedure Manual, section 4.6;

(ii) June 2004 Procedure Manual, section 4.6;

(iii) February 2007 Procedure Manual, section 3.10;

(iv) August 2010 Procedure Manual, section 3.12.

(o) the formal legal document for the loan would be the loan agreement prepared by Provident's solicitors;

Particulars

(i) June 2002 Procedure Manual, sections 4.7 and 4.8;

(ii) June 2004 Procedure Manual, sections 4.7 and 4.8;

(iii) February 2007 Procedure Manual, sections 3.11 and 5.5;

(iv) August 2010 Procedure Manual, section 3.13.

(p) partial/progressive loan drawdowns would only be effected against evidence of work completed, such as valuation reports and surveyor's certificates;

Particulars

(i) June 2002 Procedure Manual, section 4.9;

(ii) June 2004 Procedure Manual, section 4.9;

(iii) February 2007 Procedure Manual, section 3.15.

(q) Provident would monitor construction and development loans to ensure adequacy of funds to meet the cost of completion of the project/building;

Particulars

(i) June 2002 Procedure Manual, section 4.9;

(ii) June 2004 Procedure Manual, section 4.9;

(iii) February 2007 Procedure Manual, section 3.15.

(r) before drawdown of a loan, Provident must receive from its solicitors a certificate to the effect that Provident would receive a good title as a first registered mortgage of the security following registration of the relevant security documents then held or to be received at the time of the settlement of the loan;

Particulars

(i) June 2002 Procedure Manual, section 2.1.2;

(ii) June 2004 Procedure Manual, section 2.1.2;

(iii) February 2007 Procedure Manual, section 3.24.

(s) for rollovers:

(A) the borrower was required to complete a new application form;

(B) an updated valuation must be obtained;

(C) a new letter of offer must be issued;

(D) Provident's solicitors must be instructed to document changes.

Particulars

(i) June 2002 Procedure Manual, section 4.2;

(ii) June 2004 Procedure Manual, section 4.2;

(iii) February 2007 Procedure Manual, sections 3.18 and 3.19;

(iv) August 2010 Procedure Manual, sections 3.19 and 3.20.

(t) any request for an extension to the current mortgage loan greater than 3 months must be treated as a rollover;

Particulars

(i) June 2002 Procedure Manual, section 4.3;

(ii) June 2004 Procedure Manual, section 4.3;

(iii) February 2007 Procedure Manual, section 3.1;

(iv) August 2010 Procedure Manual, section 3.20.

(u) for property insurance:

(A) mortgage property insurance must be held for all security properties with Provident's interest noted on the relative insurance policy;

Particulars

(i) June 2002 Procedure Manual, section 2.1.2;

(ii) June 2004 Procedure Manual, section 2.1.2;

(iii) February 2007 Procedure Manual, section 3.10;

(iv) August 2010 Procedure Manual, section 3.12.

(B) evidence of renewal/current insurance cover must be provided annually;

Particulars

(i) June 2002 Procedure Manual, section 2.1.2;

(ii) June 2004 Procedure Manual, section 2.1.2;

(iii) February 2007 Procedure Manual, section 3.10;

(iv) August 2010 Procedure Manual, section 3.12.

(v) a borrower is in default of a loan agreement in the following circumstances:

(i) Provident did not receive on time (by the due date or within the agreed grace period) any payment due under the loan agreement or any of the related security documents;

(ii) the borrower breached any other term of the loan agreement, the guarantee, any mortgage or any insurance policy required by Provident;

(iii) the borrower failed to renew any insurance policy required by Provident on terms satisfactory to Provident or any mortgage property insurance that was required;

(iv) the borrower or a security provider had made any statement to Provident which was not true or was misleading.

Particulars

(i) June 2002 Procedure Manual, section 6.2;

(ii) June 2004 Procedure Manual, section 6.2;

(iii) February 2007 Procedure Manual, section 10.3;

(iv) August 2010 Procedure Manual, section 3.26.

(w) unless a compelling reason to the contrary existed, recovery/legal action would be commenced once a loan account remained in arrears for one month.

Particulars

(i) June 2002 Procedure Manual, section 4.6;

(ii) June 2004 Procedure Manual, section 6.4;

(iii) February 2007 Procedure Manual, section 10.12.

(x) loans were to be reviewed monthly and referred to the board of directors to write off as bad debts where:

(A) loan repayments were 6 months or 12 months (as from 22 February 2007) in arrears, except where the managing director or senior underwriter recommended and the board approved a loan not be written off because there were good prospects of its collection;

(B) loan repayments were less than 6 months in arrears but collection was unlikely as all possible collection action had been taken or a debtor became bankrupt with no likely dividend to be paid;

Particulars

(i) June 2002 Procedure Manual, section 7.3;

(ii) June 2004 Procedure Manual, section 7.2;

(iii) February 2007 Procedure Manual, section 10.17.

(y) once a decision has been made to commence recovery process, Provident would engage a valuer to give it an up-to-date valuation of the property in the current market;

Particulars

(i) February 2007 Procedure Manual, section 10.19.

(z) changes to the procedures in the Procedure Manual were only to be approved by the board of directors at a duly convened and constituted meeting.

Particulars

(i) June 2002 Procedure Manual, section 1.1.2;

(ii) June 2004 Procedure Manual, section 1.1.2;

(iii) February 2007 Procedure Manual, sections 2.5 and 2.6;

(iv) August 2010 Procedure Manual, section 2.4.

(aa) Provident would generate reports to facilitate compliance monitoring as required for internal management, board supervision and external supervision (AET), such reports would include Legal Action Status Reports, Default Accounts, Bad and Doubtful Debts and Provisions for Bad and Doubtful Debts;

Particulars

(i) June 2002 Procedure Manual, section 1.5;

(ii) June 2004 Procedure Manual, section 1.5.

(bb) Provident would produce:

(A) Weekly Arrears Reports listing all loans which had fallen into arrears;

(B) Monthly Summary Reports listing all loans one month or more in arrears;

(C) Monthly "Past Due" Loan Reports listing all loans which had not operated within their key terms for at least 90 days;

(D) Monthly Non Accrual Reports listing all loans on a "non-accrual" status

Particulars

(i) February 2007 Procedure Manual, sections 10.4-10.8.

11. The procedures contained in the Procedure Manual set out the manner in which Provident would comply with the Business Conduct Obligation and its obligations under s.283BB(a) of the *Corporations Act*.

Duties of Provident under the *Corporations Act*

12. At all material times, Provident had obligations to:

(a) carry on and conduct its business in a proper and efficient manner;

Particulars

Corporations Act, s 283BB(a)

(b) make all of its financial and other records available for inspection by the trustee, an officer or employee of the trustee authorised by the trustee to carry out the inspection or a registered company auditor appointed by the trustee to carry out the inspection and give them any information, explanations or other assistance that they may require about matters relating to those records;

Particulars

Corporations Act, s 283BB(c)

(c) if Provident created a security interest, it would:

(i) give AET written details of the security interest within 21 days after it is created;

Particulars

Corporations Act, s 283BE(a)

(ii) if the total amount to be advanced on the security of the security interest is indeterminate and the advances are not merged in a current

account with bankers, trade creditors or anyone else – give AET written details of the amount of each advance within 7 days after it is made;

Particulars

Corporations Act, s 283BE(b)

(d) within one month after the end of each quarter, give AET a quarterly report that set out the information required by s.283BF(4), (5) and (6).

Particulars

Corporations Act, 283BF(1)(a)

Duties of AET under the *Corporations Act*

13. At all material times, AET, as trustee of the Trust Deed, had obligations to:

(a) exercise reasonable diligence to ascertain whether the property of Provident and of each guarantor that was or should have been available (whether by way of security or otherwise) would be sufficient to repay the amount deposited or lent when it became due; and

Particulars

Corporations Act, s 283DA (a)

(b) exercise reasonable diligence to ascertain whether Provident had committed any breach of the provisions of the Trust Deed or Chapter 2L of the *Corporations Act*; and

Particulars

Corporations Act, s 283DA (b)(ii)

(c) do everything in its power to ensure that Provident remedied any breach known to AET of any provision of the Trust Deed or Chapter 2L of the *Corporations Act* unless AET was satisfied that the breach would not materially prejudice the debenture holders' interests or any security for the debentures; and

Particulars

Corporations Act, s 283DA (c)(ii)

(d) notify ASIC as soon as practicable if Provident had not complied with section 283BF of the *Corporations Act.*

Particulars

Corporations Act, s 283DA (e)(i)

Powers of AET under the *Corporations Act*

14. At all material times AET had power to apply to the Court for an order that:

(a) any security for the debentures be enforceable immediately or at the time the Court directs;

Particulars

Corporations Act, s 283HB (1)(c)

(b) appointing a receiver of any property constituting security for the debentures.

Particulars

Corporations Act, s 283HB (1)(d)

Finance Facilities

15. During the period from 11 February 2000 until at least 31 December 2007 ~~29 June 2012~~, Provident used debenture funds to provide finance facilities to borrowers, including:

(a) Burleigh Views Pty Ltd ACN 079 455 440 (formerly Construction Management Consultants Pty Ltd) ("**Burleigh Views**") which was at all material times the largest finance facility provided by Provident to any borrower;

Particulars

(i) On 21 March 2000 Provident agreed to lend to Burleigh Views an amount of $4,000,000 on security of the property at Lot 9 Fleay Court, Burleigh Heads, Certificate of Title Reference 50208549 ("**Fleay Court**") for a term of 12 months after the date on which the advance was made ("**Burleigh Views Loan**").

Sub-particulars

Loan agreement between Provident and Burleigh Views dated 21 March 2000.

(ii) On or about 21 March 2000 Provident obtained a mortgage over Fleay Court.

Sub-particulars

Mortgage No 703957797 dated 21 March 2000.

(iii) On or about 2 March 2001 Provident obtained a valuation of Fleay Court that stated an "on completion" value of $5,620,000 and a residual land value of $1,150,000 ("**Fleay Court Valuation 2001**").

Sub-particulars

Valuation report prepared for Provident by Gradmont Pty Ltd dated 2 March 2001.

(iv) On 22 March 2001 the Burleigh Views Loan expired in accordance with its terms.

(iva) On 3 December 2001, Provident obtained an updated valuation of Fleay Court that stated a "market value of the proposed twenty residential completion, being stage 1" of $5,620,000 and a "market value of stage two" of $1,440,000 ("**Updated Fleay Court Valuation 2001**").

Sub-particulars

Letter from Gradmont Pty Ltd to Provident dated 3 December 2001.

(v) On 17 January 2002 Provident agreed to roll over the Burleigh Views Loan for an amount of $4,942,000 as and from 20 December 2000 with a due date of 20 December 2002 ("**Burleigh Views First Rollover**").

Sub-particulars

Deed of variation between Provident and Burleigh Views dated 17 January 2002.

(vi) On 11 March 2002 the Development Approval for Fleay Court (The City of Gold Coast Planning Scheme Town Planning Consent Permit No. 818/97/104) lapsed by reason that the use of the land or the use or erection of a building or other structure on the land had not

commenced within 4 years of the issue of the permit on 11 March 1998 (and no extension to that period had been granted).

(vii) On 20 June 2002 Provident agreed to roll over the Burleigh Views Loan for an amount of $5,165,000 as and from 20 June 2002 with a due date of 20 March 2003 ("**Burleigh Views Rollover Second**").

Sub-particulars

Deed of variation between Provident and Burleigh Views dated 20 June 2002.

(viia) On 9 September 2002 Provident agreed to roll over the Burleigh Views Loan for an amount of $5,316,500 with a due date of 30 June 2003 ("**Burleigh Views Rollover Third**").

Sub-particulars

Letter between Provident and Burleigh Views dated 9 September 2002, countersigned by Burleigh Views on 9 September 2002.

(viii) On or about 23 December 2003 Provident obtained a valuation of Fleay Court that stated a market value "as is" with Development Approval in place of $5,900,000 ("**Fleay Court Valuation 2003**") and a gross realisation "on completion" of $17,222,000.

Sub-particulars

Valuation report prepared for Provident by PRP Valuers and Consultants Brisbane Pty Ltd dated 23 December 2003.

(ix) On 24 April 2004 Provident agreed to roll over the Burleigh Views Loan for an amount of $8,890,000 with a due date of 30 November 2004 ("**Burleigh Views ~~Third~~ Rollover Fourth**").

Sub-particulars

Deed of variation between Provident and Burleigh Views dated 24 April 2004.

(ixa) On 12 October 2004 Provident agreed to roll over the Burleigh Views Loan for an increase of $305,000 to the loan balance with a due date of 31 December 2004 ("**Burleigh Views Rollover Fifth**").

Sub-particulars

Facsimile between Provident and Burleigh Views dated 11 October 2004, countersigned by Burleigh Views on 12 October 2004.

(x) As at 31 December 2004 the Burleigh Views Loan was in default with an outstanding balance of about $9,156,895.

Sub-particulars

Loan Arrears Report Dec 04.

(xi) On 30 April 2007 Provident rolled over from account no. 352 into account no. 225 an aggregate amount of $4,161,100 and made further loan advances totalling $223,874.52.

Sub-particulars

(A) Statement for account no. 352 (Burleigh Views)

(B) Statement for account no. 225 (Burleigh Views)

(xii) From about October 2004 Burleigh Views was in default under the Burleigh Views Loan.

Sub-particulars

Loan Arrears Report for February 2006.

(xiii) On about 22 November 2005 Provident gave Burleigh Views notice that it was in default under the Burleigh Views Loan and unless that default was remedied within 30 days by the payment of principal of $9,643,995 together with interest of $1,785,050.64 it may proceed to sell Fleay Court and exercise all or any of its powers under the mortgage.

Sub-particulars

Letter from Provident's solicitors to Pat Zarro dated 22 November 2005 attaching Notice of Exercise of Power of Sale

(xiv) As at about 28 February 2006 Burleigh Views remained in default under the Burleigh Views Loan with an outstanding principal interest bearing balance of $9,645,095.90.

Sub-particulars

Loan Arrears Report for February 2006.

(xv) On or about 3 May 2007 Provident rolled over the Burleigh Views Loan for an amount of $13,500,000 for construction finance with a due date of twelve months from the day the loan was settled ("**Burleigh Views ~~Fourth~~ Sixth Rollover**").

(A) Letter of offer dated 3 May 2007 from Provident to Burleigh Views, countersigned by Burleigh Views on 4 May 2007; and

(B) Deed of Variation between Provident, Burleigh Views and Pasqual Zarro dated 31 May 2007.

(xvi) On 15 May 2007 Provident rolled over from account no. 225 into account no. 34390 an aggregate amount of $11,598,050 and, upon writing down accrued interest of at least $719,154.69 in account no. 225, closed that account.

Sub-particulars

(A) Statement for account no. 225 (Burleigh Views)

(B) Statement of account no. 34390 (Burleigh Views)

(xvii) On 21 August 2008 Burleigh Views was placed into liquidation.

Sub-particulars

Order of the Court made on 21 August 2008 in Federal Court Proceedings No QUD 156 of 2008.

(xviii) As at 30 June 2012 the outstanding balance on the Burleigh Views Loan (including accrued interest and other costs) was about $27,942,413.96.

Sub-particulars

Statement for account no. 34390 (Burleigh Views).

(b) George Tahatos Holdings Pty Limited ACN 002 662 188 ("**Tahatos**") which was at all material times one of the ten largest finance facilities provided by Provident to any borrower;

Particulars

(i) On or about 8 November 1999 Provident obtained a valuation of the proposed development at 1285 Botany Road, Mascot NSW ("**Mascot**") that stated an "as is" site value with current development consent of $1,000,000 and an "as if complete" value based on current DA, strata title and individual sales of $6,835,000 ("**Mascot Valuation 1999**").

Sub-particulars

Valuation report prepared for Provident by Landmark White dated 8 November 1999.

(ii) On 11 February 2000 Provident agreed to lend to Tahatos an amount of $4,000,000 to be repaid on 10 February 2001 for the construction of 32 strata title apartments at Mascot ("**Tahatos Mascot Loan**") on the security of a mortgage over Mascot (Auto-Consol 7759-177), a mortgage over the property at 4 Broughton Street, Canterbury NSW (Folio Identifier 4/828270) ("**Canterbury**") and a mortgage over the property at 1 Lochee Avenue, Minto NSW (Folio Identifier 6/29603) ("**Minto**").

Sub-particulars

Deed of loan between Provident and Tahatos dated 11 February 2000.

(iii) On or about 11 February 2000 Provident obtained a mortgage over Mascot ("**Mascot Mortgage**").

Sub-particulars

Mortgage over Mascot dated 11 February 2000.

(iv) On or about 11 February 2000 Provident obtained a mortgage over Canterbury ("**Canterbury Mortgage**").

Sub-particulars

Mortgage over Canterbury dated 11 February 2000.

(v) On or about 7 November 2000 Provident agreed to roll over the Tahatos Mascot Loan and increased the loan amount from $4,000,000 to $4,511,000 with a loan term to mature on 30 June 2001 ("**Tahatos Mascot Loan First Rollover**").

Sub-particulars

Deed of Variation of Deed of Loan between Provident and Tahatos dated 7 November 2000.

(vi) On or about 7 November 2000 Provident obtained a variation of the Mascot Mortgage.

Sub-particulars

Variation of Mortgage No. 7395944E dated 7 November 2000.

(vii) On or about 15 December 2000 Provident agreed to lend to Tahatos an amount of $787,500 to be repaid on 14 December 2001 ("**Tahatos Canterbury Loan**") on the security of a mortgage over Canterbury, for the purpose of discharging an existing debt to Colonial State Bank and to provide additional funding for the Mascot development.

Sub-particulars

Deed of loan between Provident and Tahatos dated 15 December 2000.

(viii) On or about 15 December 2000 Provident obtained a mortgage over Canterbury;

Sub-particulars

Mortgage over Canterbury dated 15 December 2000.

(ix) On or about 15 December 2000 Provident agreed to lend to Tahatos an amount of $135,000 to be repaid on 14 December 2001 ("**Tahatos Minto Loan**") on the security of a mortgage over Minto, for the purpose of discharging an existing debt to Colonial State Bank and to provide additional funding for the Mascot development.

Sub-particulars

Deed of loan between Provident and Tahatos dated 15 December 2000.

(x) On or about 15 December 2000 Provident obtained a mortgage over Minto;

Sub-particulars

Mortgage over Minto dated 15 December 2000.

(xi) On 14 December 2001 each of the Tahatos Canterbury Loan and the Tahatos Minto Loan expired in accordance with its terms.

(xii) On 30 June 2001 the Tahatos Mascot Loan expired in accordance with its terms.

(xiii) On 28 June 2002 Provident agreed to roll over the Tahatos Mascot Loan for an amount of $6,900,000 as and from 14 December 2001 with an expiry date of 14 December 2002 ("**Tahatos Mascot Loan Second Rollover**").

Sub-particulars

Loan agreement between Provident and Tahatos dated 28 June 2002.

(xiv) On or about 28 June 2002 Provident obtained a variation of the Canterbury Mortgage to replace the applicable provisions.

Sub-particulars

Variation of Mortgage No. 8792987V dated 28 June 2002.

(xv) On or about 28 June 2002 Provident obtained a variation of the Minto Mortgage to replace the applicable provisions.

Sub-particulars

Variation of Mortgage No. 8793017V dated 28 June 2002.

(xvi) On 15 December 2002 Provident agreed to roll over the Tahatos Mascot Loan for an amount of $6,900,000 with an expiry date of 30 September 2003 ("**Tahatos Mascot Loan Third Rollover**").

Sub-particulars

Variation of loan agreement between Provident and Tahatos dated 15 December 2002.

(xvii) On 30 September 2003 the Tahatos Mascot Loan expired in accordance with its terms.

(xviii) As at 31 December 2004 the Tahatos Mascot Loan was in default with an outstanding balance of about $7,668,695.

Sub-particulars

Loan Arrears Report Dec 04.

(xix) On or about 22 December 2005 Provident obtained a valuation of the individual allotments of Mascot that gave an aggregate market value of $6,815,000 ("**Mascot Valuation 2005**").

Sub-particulars

Valuation report prepared for Provident by N J Bridger & Associates dated 22 December 2005.

(xx) On 22 December 2005 Provident agreed to roll over the Tahatos Loan for an amount of $5,835,000 for a term of 6 months ("**Tahatos Mascot Loan Fourth Rollover**").

Sub-particulars

(A) Offer of Loan Facility between Provident and Tahatos dated 22 December 2005.

(B) Deed of Loan between Provident and Tahatos dated 23 December 2005.

(xxi) On 22 June 2006 the Tahatos Mascot Loan expired in accordance with its terms

(xxii) On or about 29 June 2007 Provident obtained a variation of the Mascot Mortgage to replace the applicable provisions.

Sub-particulars

Variation of Mortgage No. AD614105K dated 29 June 2007.

(xxiii) On or about 29 June 2007 Provident obtained a variation of the Canterbury Mortgage to replace the applicable provisions.

Sub-particulars

Variation of Mortgage No. AD614054A dated 29 June 2007.

(xxiv) On or about 29 June 2007 Provident obtained a variation of the Minto Mortgage to replace the applicable provisions.

Sub-particulars

Variation of Mortgage No. AD614069L dated 29 June 2007.

(xxv) As at 29 June 2007 the outstanding balance of the Tahatos Mascot Loan was $4,518,207.

Sub-particulars

Statement for account no. 34960 (Tahatos).

(xxvi) As at 30 June 2011 the outstanding balance of the Tahatos Mascot Loan was $4,515,303.

Sub-particulars

Provident report of 90 day plus loans at 30 June 2011, current status at 21 December 2011.

(c) Chrysalis Holdings Pty Limited ACN 093 319 174 ("**Chrysalis**") which was at all material times one of the ten largest finance facilities provided by Provident to any borrower;

Particulars

(i) On or about 22 May 2000 Provident obtained a valuation of the property at 9 Watt Street, Newcastle ("**Watt Street**") of $1,600,000 ("as is") and $2,700,000 ("as if complete").

Sub-particulars

Valuation of Watt Street by Colliers Jardine dated 22 May 2000.

(ii) On 23 June 2000 Provident agreed to lend to Chrysalis an amount of the lesser of $1,890,000 or 70% of completion value on security of Watt Street for a term of 12 months after the date on which the advance was made ("**Chrysalis Initial Loan**").

Sub-particulars

Deed of loan between Provident and Chrysalis dated 23 June 2000.

(iii) On 23 June 2001 the Initial Chrysalis Loan expired.

(iiia) On or about 17 May 2002 Provident agreed to lend to Chrysalis an amount of $2,760,000 on security of Watt Street for a term of 12 months ("**Chrysalis Loan Offer**")

Sub-particulars

Letter of offer dated 17 May 2002 from Provident to Chrysalis, countersigned by Chrysalis on 17 May 2002.

(iv) On or about 15 February 2003 Provident obtained a valuation of Watt Street of $4,500,000 ("**Watt Street Valuation 2003**").

Sub-particulars

Valuation of Watt Street by J. McArthur Pty Ltd dated 15 February 2003.

(v) On 6 March 2003 Provident agreed to lend to Chrysalis an amount of the lesser of $4,650,000 for a term of 12 months after the date on which the advance was made ("**Chrysalis Loan**").

Sub-particulars

Loan agreement between Provident and Chrysalis dated 6 March 2003.

(vi) On or about ~~6 March~~30 June 2003, Provident advanced to Chrysalis the full amount of the Chrysalis Loan.

Sub-particulars

Statement for account no. 439 (Chrysalis).

(vii) Provident held a mortgage over Watt Street.

Sub-particulars

Mortgage registered 6892976

(viii) On 30 ~~March~~June 2004 the Chrysalis Loan expired, at which time the outstanding balance was about $4,684,024.39~~4,661,455.23~~.

Sub-particulars

Statement for account no. 439 (Chrysalis).

(viiia) On 12 July 2004 Provident offered to roll over the Chrysalis Loan for an amount of $4,650,000 with the loan term to mature on 30 September 2004 (**Chrysalis Loan Rollover Offer**)

Sub-particulars

Letter of offer of loan facility dated 12 July 2004 between Provident and Chrysalis.

(ix) On 22 July 2004, Chrysalis obtained development approval for the redevelopment of Watt Street.

(x) As at 31 December 2004 the Chrysalis Loan was in default with an outstanding balance of about $4,651,787.

Sub-particulars

Loan Arrears Report Dec 04.

(xa) On 12 April 2005 Provident offered to roll over the Chrysalis Loan for an amount of $4,650,000 with the loan term to mature on 30 June 2005 (**Chrysalis Loan Second Rollover Offer**)

Sub-particulars

Letter of offer of loan facility dated 12 April 2005 between Provident and Chrysalis.

(xi) From about June 2005 Chrysalis was in default under the Chrysalis Loan and as at about 28 February 2006 had an outstanding principal interest bearing balance of $4,657,563.

Sub-particulars

Loan Arrears Report Feb 06.

(xii) On 15 June 2006 Provident agreed to lend to Chrysalis an amount of $5,530,000 which was repayable on 31 July 2007 ("**Chrysalis Loan Rollover**").

Sub-particulars

Deed of loan between Provident and Chrysalis dated 15 June 2006.

(xiii) On 31 July 2007 the Chrysalis Loan Rollover expired, at which time the outstanding balance was about $6,371,742.

Sub-particulars

Statement for account no. 439 (Chrysalis).

(xiv) On 4 March 2008, Provident demanded Chrysalis to pay an amount of $6,926,902.73 that was outstanding on the Chrysalis Loan Rollover.

Sub-particulars

Letter of demand from Provident to Chrysalis dated 4 March 2008.

(xv) As at 30 June 2011 the outstanding principal balance of the Chrysalis Loan was $6,360,173.

Sub-particulars

Provident report of 90 day plus loans at 30 June 2011, current status at 21 December 2011.

(xvi) On or about 8 May 2014, a total amount of $12,594,792.22 was written off in respect of the Chrysalis Loan.

Sub-particulars

Statement for account no. 439 (Chrysalis).

(d) Delta Dawn Pty Limited ACN 101 140 925 ("**Delta Dawn**");

Particulars

(i) On 17 March 2004 Provident obtained a valuation of the property at 1/DP1000247 at Jugiong and 11/DP875246 (from 11 November 2005, 51/DP1081618) at Jugiong (together, the "**Jugiong Vineyard**") of an aggregate $7,550,000 ("Homestead Block" - $5,700,000 and "Point Block" - $1,850,000) ("**Jugiong Valuation 2004**").

Sub-particulars

Valuation of Jugiong Vineyard by PRP Valuers dated 17 March 2004.

(ii) On 16 June 2004 Provident agreed to lend to Delta Dawn an amount of $4,000,000 on security of Jugiong Vineyard ("**Delta Dawn Loan**").

Sub-particulars

(A) Deed of loan between Provident and Delta Dawn dated 16 June 2004.

(B) Statement for account no. 252 (Delta Dawn).

(iii) On or about 16 June 2004 Provident obtained a mortgage over Jugiong Vineyard.

Sub-particulars

Mortgage AA907810E dated 16 June 2004.

(iv) On or about 16 June 2004 Provident advanced to Delta Dawn an additional amount of $4,000,000.

Sub-particulars

Statement for account no. 252 (Delta Dawn).

(v) On or about 3 September 2004 Provident advanced to Delta Dawn an amount of $1,000,000 ("**Delta Dawn Additional Advance**").

Sub-particulars

Statement for account no. 252 (Delta Dawn).

(vi) On 21 December 2005 Provident agreed to lend to Delta Dawn an amount of $5,000,000 on security of Jugiong Vineyard and Yarraman Estate to be repaid on 30 June 2006 ("**Delta Dawn Rollover**").

Sub-particulars

Deed of loan between Provident and Delta Dawn dated 21 December 2005.

(vii) On 30 June 2006 the Delta Dawn Loan expired in accordance with its terms, at which time the outstanding balance (including accrued interest and other costs) was about $5,041,395.

Sub-particulars

Statement for account no. 252 (Delta Dawn).

(viii) On 31 December 2008 the Delta Dawn Loan expired in accordance with its terms, at which time the outstanding balance (including accrued interest and other costs) was about $5,932,449.

Sub-particulars

Statement for account no. 252 (Delta Dawn).

(ix) As at 30 June 2011 the outstanding principal balance of the Delta Dawn Loan was $5,793,897.

Sub-particulars

Provident report of 90 day plus loans at 30 June 2011, current status at 21 December 2011.

(x) As at 30 June 2012 the outstanding balance on the Delta Dawn Loan (including accrued interest and other costs) was about $9,469,179.

Sub-particulars

Statement for account no. 252 (Delta Dawn).

(e) Yarraman Estate Pty Limited ACN 101 141 593 ("**Yarraman**");

Particulars

(i) The particulars at sub-paragraphs 15 (d)(i) and (d)(iii) above are repeated.

(ii) On or about 21 December 2005 Provident advanced to Yarraman an amount of $5,506,000 ("**Yarraman Loan**").

Sub-particulars

Statement for account no. 160 (Yarraman).

(iii) On 18 March 2008 Provident extended the term of the Yarraman Loan to 31 December 2008 ("**Yarraman First Rollover**").

Sub-particulars

Letter from Provident to Yarraman dated 18 March 2008.

(iv) On 31 December 2008 the Yarraman Loan expired in accordance with its terms at which time the outstanding balance (including accrued interest and other costs) was about $5,721,547.

Sub-particulars

Statement for account no. 160 (Yarraman).

(v) On 4 May 2009 Provident extended the term of the Yarraman Loan to to 6 July 2009 ("**Yarraman Second Rollover**").

Sub-particulars

Letter from Provident to Yarraman dated 4 May 2009.

(vi) On 6 July 2009 Provident extended the term of the Yarraman Loan to 15 September 2009 ("**Yarraman Third Rollover**").

Sub-particulars

Letter from Provident to Yarraman dated 6 July 2009.

(vii) On 15 September 2009 the Yarraman Loan expired in accordance with its terms, at which time the outstanding balance (including accrued interest and other costs) was about $5,688,899.

Sub-particulars

Statement for account no. 160 (Yarraman).

(viii) On 14 January 2010 Provident extended the term of the Yarraman Loan to 30 June 2010 ("**Yarraman Fourth Rollover**").

Sub-particulars

Letter from Provident to Yarraman dated 14 January 2010.

(ix) As at 30 June 2011 the outstanding principal balance of the Yarraman Loan was $6,485,679.

Sub-particulars

Provident report of 90 day plus loans at 30 June 2011, current status at 21 December 2011.

(x) As at 30 June 2012 the outstanding balance on the Yarraman Loan (including accrued interest and other costs) was about $8,065,945.

Sub-particulars

Statement for account no. 160 (Yarraman).

(f) The Empress Development Pty Limited ACN 093 680 445 ("**Empress**");

Particulars

(i) On 13 February 2004 Provident agreed to lend to Empress an amount of $14,500,000 on security of the property at 138-144 High Street, Southport, QLD ("**Kensington**") to be repaid for a term of 12 months from the date of the first draw down ("**Empress Loan**") for the purpose of constructing residential units on the security property.

Sub-particulars

Loan agreement between Provident and Empress dated 13 February 2004.

(ii) On or about 27 February 2004 Provident obtained a mortgage over Kensington.

(iii) On 23 February 2005 the Empress Loan expired in accordance with its terms, at which time the outstanding balance (including accrued interest and other costs) was about $14,431,779.

Sub-particulars

Statement for account no. 309 (Empress).

(iv) On or about 4 March 2005 Provident advanced to Empress amounts totalling of $1,039,494 ("**Empress First Additional Advances**") including which the outstanding balance (including accrued interest and other costs) was about $14,541,317.

Sub-particulars

Statement for account no. 309 (Empress).

(v) Between 24 March and 20 May 2005 Provident received loan repayments from Empress for a total amount of about $16,798,703 and made additional advances (including capitalised interest and fees) of about $4,036,034 ("**Empress Second Additional Advances**") leaving an outstanding balance of about $1,675,237 as at 8 June 2005.

(vi) On or about 29 June 2005 Provident obtained a valuation of Kensington (16 units) of $5,009,000 (including GST) or $4,627,272 (ex-GST); ex-Lot 16 - $4,710,000 (including GST) or $4,281,818 (ex-GST) ("**Kensington Valuation 2005**").

Sub-particulars

Valuation of Kensington by Landsburys dated 29 June 2005.

(vii) On 30 June 2005 Provident rolled over the Empress Loan for an amount of $2,850,000 and extended its term for repayment to 30 September 2005 ("**Empress Rollover**").

Sub-particulars

Deed of variation between Provident and Empress dated 30 June 2005.

(viii) On 30 September 2005 the Empress Loan expired in accordance with its terms.

(ix) On or about 18 October 2006 Empress transferred 15 units in Kensington to MJ Server Pty Limited for an aggregate price of $3,460,000 ("**Empress to MJ Server Transfers**").

Sub-particulars

Transfers 710077820 (7 units) and 710077753 (8 units).

(g) MJ Server Pty Limited ACN 121 916 890 ("**MJ Server**");

Particulars

(i) On 26 September 2006 Provident offered to lend to MJ Server an amount of $3,500,000 on security of the units in Kensington to be repaid for a term of 12 months from the date of the first draw down ("**MJ Server First Offer**").

Sub-particulars

Letter of offer from Provident to MJ Server dated 26 September 2006.

(ii) On 10 October 2006 Provident offered to lend to MJ Server an amount of $3,650,000 on security of the units in Kensington to be repaid for a term of 12 months from the date of the first draw down ("**MJ Server Second Offer**").

Sub-particulars

Letter of offer from Provident to MJ Server dated 10 October 2006.

(iii) On or about 29 June 2005 Provident obtained the Kensington Valuation 2005.

Sub-particulars

The sub-particulars at sub-paragraph (f)(vi) above are repeated.

(iv) On or about 16 October 2006 Provident obtained a mortgage over 15 units in Kensington.

Sub-particulars

Mortgage 710077820.

(v) On or about 27 October 2006 Provident advanced to MJ Server amounts totalling of $3,850,000 ("**MJ Server Loan**").

Sub-particulars

Statement for account no. 30790 (MJ Server).

(vi) On 1 November 2006 Provident agreed to lend to MJ Server the amount of the MJ Server Loan on security of the acquired 15 units in Kensington for a term of 12 months from the date of the first draw down.

Sub-particulars

Loan agreement between Provident and MJ Server dated 1 November 2006.

(vii) On 27 October 2007 the MJ Server Loan expired in accordance with its terms, at which time the outstanding balance (including accrued interest and other costs) was about $4,026,485.

Sub-particulars

Statement for account no. 30790 (MJ Server).

(viia) On 29 October 2007 Provident agreed to rollover the MJ Server Loan with the loan term to mature on 28 January 2008 (**MJ Server Loan Rollover**).

Sub-particulars

Statement for account no. 30790 (MJ Server).

(viii) On 15 February 2010 MJ Server was deregistered, at which time the outstanding balance on the MJ Server Loan (including accrued interest and other costs) was about $5,173,663.

Sub-particulars

Statement for account no. 30790 (MJ Server).

(ix) As at 30 June 2011 the outstanding principal balance of the MJ Server Loan was $3,967,567.

Sub-particulars

Provident report of 90 day plus loans at 30 June 2011, current status at 21 December 2011.

(x) As at 30 June 2012 the outstanding balance on the MJ Server Loan (including accrued interest and other costs) was about $7,154,348.

Sub-particulars

Statement for account no. 30790 (MJ Server).

(h) Neo East No 1 Pty Limited ACN 103 778 267 ("**Neo East**");

Particulars

(ia) On 2 December 2003 Provident obtained a valuation of the property at 55-67 Shore Street East, Cleveland, Queensland of $6,875,000 ("current market value") ("**Shore Street Valuation 2003**").

Sub-particulars

Valuation of 55-67 Shore Street East, Cleveland by Burgess Rawson dated 2 December 2003.

(i) On 17 December 2003 Provident agreed to lend to Neo East an amount of $4,500,000 on security of 55-67 Shore Street East, Cleveland, Queensland for a term of 12 months from the date of the first draw down ("**Neo East Loan**").

Sub-particulars

Loan agreement between Provident and Neo East dated 17 December 2003.

(ii) On or about 19 December 2003 Provident obtained a mortgage over 55 Shore Street East, Cleveland.

Sub-particulars

Mortgage 707324197.

(iii) On or about 25 February 2004 Provident obtained a mortgage over 59-63 Shore Street East, Cleveland.

Sub-particulars

Mortgage 707517672.

(iv) On or about 13 March 2004 Provident obtained a mortgage over 57 Shore Street East, Cleveland

Sub-particulars

Mortgage 707517639.

(v) From and including 15 July 2004, Neo East was in default under the Neo East Loan.

Sub-particulars

Letter from Provident to ASIC dated 23 June 2005.

(vi) On or about 19 October 2004, Provident issued to Neo East a notice requiring possession of the properties at 55-63 Shore Street East, Cleveland ("**Shore Street**").

Sub-particulars

Notice by Mortgagee Requiring Possession dated 19 October 2004.

(vii) On 5 November 2004 Provident obtained a valuation of Shore Street East of $5,500,000 ("In One Line") ("**Shore Street Valuation 2004**").

Sub-particulars

Valuation of Shore Street by Taylor Byrne dated 5 November 2004.

(viii) On 12 November 2004 Provident exercised its powers under the mortgage and took possession of Shore Street.

Sub-particulars

Letter from Provident to ASIC dated 23 June 2005.

(ix) As at 31 December 2004 the Neo East Loan was in default with an outstanding balance of about $4,227,164.

Sub-particulars

Loan Arrears Report Dec 04.

(x) On or about 29 March 2005 Provident offered to roll over the Neo East Loan for an amount of $7,600,000 with a due date of twelve months from the day the loan was settled ("**Neo East First Rollover Offer**").

Sub-particulars

Letter of offer dated 29 March 2005 from Provident to Neo East.

(xi) On or about 14 May 2005 Provident offered to roll over the Neo East Loan for an amount of $5,975,000 with a due date of 30 June 2006 ("**Neo East Second Rollover Offer**").

Sub-particulars

Letter of offer dated 14 May 2005 from Provident to Neo East.

(xii) On or about 27 May 2005 Provident agreed to roll over the Neo East Loan for an amount of $5,975,000 with a due date of 30 June 2006 ("**Neo East Rollover**").

Sub-particulars

Letter of offer dated 5 May 2005 from Provident to Neo East, countersigned by Neo East on 27 May 2005.

(xiii) On 22 June 2005 Provident was informed by ASIC that it was conducting a review of the solvency of the Neolido Group.

Sub-particulars

Facsimile from ASIC to Provident dated 21 June 2005.

(xiiia) On or about 20 July 2005 Provident agreed to roll over the Neo East Loan for an amount of $4,500,000 with a due date of 30 June 2006 ("**Neo East Second Rollover**").

Sub-particulars

Letter of offer dated 20 July 2005 from Provident to Neo East, countersigned by Neo East on 20 July 2005.

(xiv) As at 20 October 2005 the outstanding balance on the Neo East Loan (including accrued interest and other costs) was about $4,936,375.

Sub-particulars

Interest statement for account no. 280 (Neo East) issued 27 October 2005.

(xv) As at about 28 February 2006 Neo East remained in default under the Neo East Loan and had an outstanding principal interest bearing balance of $4,230,931.30.

Sub-particulars

Loan Arrears Report for February 2006.

(xvi) On or about 16 October 2006 Neo East transferred Shore Street to Cleveland Corporation Pty Limited for an aggregate price of $3,950,000 ("**Neo East to Cleveland Transfers**").

Sub-particulars

Transfer 710077599.

(i) Cleveland Corporation Pty Limited ACN 121 901 488 ("**Cleveland**");

Particulars

(i) The particulars at sub-paragraph 15 (h)(xvi) above are repeated.

(ii) On 29 September 2006 Provident agreed to lend to Cleveland an amount of $3,950,000 on security of Shore Street to be repaid by 31 December 2006 ("**Cleveland Loan**").

Sub-particulars

Letter of offer from Provident to Cleveland dated 25 September 2006, countersigned by Cleveland on 29 September 2006.

(iii) On or about 2 November 2006 Provident obtained a mortgage over Shore Street.

Sub-particulars

Mortgage 710077609.

(iv) On 31 December 2006 the Cleveland Loan expired in accordance with its terms, at which time the outstanding balance (including accrued interest and other costs) was about $4,839,267.

(v) On 26 September 2007 Provident extended the Cleveland Loan to 21 December 2007 ("**Cleveland First Rollover**").

Sub-particulars

Instruction to Accounts dated 26 September 2007.

(vi) On or about 15 November 2007 Provident obtained a valuation of Shore Street of $11,400,000.

Sub-particulars

Valuation of Shore Street by Taylor Byrne dated 15 November 2007.

(vii) On 30 November 2007 Provident agreed to refinance and increase the amount lent to Cleveland from $3,950,000 to $4,450,000 on security of Shore Street with a due date of 31 March 2008 ("**Cleveland Second Rollover**").

Sub-particulars

Five loan agreements (loans 1, 2, 3, 4 and 5) between Provident and Cleveland dated 30 November 2007, each for an amount of $990,000.

(viii) On 31 March 2008 the Cleveland Loan expired in accordance with its terms.

(ix) On or about 9 July 2008 Provident agreed to refinance and increase the amount lent to Cleveland to $6,150,000 on security of Shore Street with a due date of 31 January 2009 ("**Cleveland Third Rollover**").

Sub-particulars

Five deeds of loan (loans 1, 2, 3, 4 and 5) between Provident and Cleveland dated 9 July 2008, each for an amount of $1,230,000.

(x) On 31 January 2009 the Cleveland Loan expired in accordance with its terms.

(xi) On or about 28 September 2010 Provident agreed to increase the amount lent to Cleveland to $500,000 ("**Cleveland Additional Advances**").

Sub-particulars

Letters from Provident to Cleveland dated 28 September 2010, increasing by $100,000 each of the five loans comprising the Cleveland Loan.

(xii) As at 30 June 2011 the outstanding principal balance of the Cleveland Loan was $2,003,293.

Sub-particulars

Provident report of 90 day plus loans at 30 June 2011, current status at 21 December 2011.

(xiii) On 27 July 2012 the Court ordered that Cleveland be wound up and appointed a liquidator.

(j) Neo Lido Pty Limited ACN 095 065 928 ("**Neo Lido**");

Particulars

(i) By no later than about 16 June 2005 Provident knew that Neo Lido had been placed under external administration (receiver and manager) on 8 June 2005.

Sub-particulars

(A) ASIC Online Current Extract Report dated 16 June 2005.

(B) Email from Silvana Perovich to Michael O'Sullivan dated 12 June 2005.

(ii) On or about 16 June 2005 Provident knew that Neo Lido had given an undertaking to the Court to the effect that until further order it would not deal with any of its assets (including to encumber any real property) or borrow or raise any money on the security of any of its assets.

Sub-particulars

Facsimile from Nicol Robinson Halletts dated 16 June 2005 of an order made by the Supreme Court of Queensland on 15 June 2005.

(iii) On 24 June 2005 Provident was informed by ASIC that it was conducting a review of the solvency of the Neolido Group (including Neo Lido).

Sub-particulars

Letter from ASIC to Provident dated 21 June 2005 (received 24 June 2005).

(iv) On 30 June 2005 Provident agreed to lend to Neo Lido an amount of $5,650,000 on security the properties (12 residential townhouses) at

28-42 Annie Street, New Farm, Queensland ("**Annie Street**") for a term of 6 months after the loan was settled ("**Neo Lido Loan**").

Sub-particulars

Letter of offer from Provident to Neo East dated 30 June 2005, countersigned by Neo Lido on 30 June 2005 and returned to Provident by facsimile on 1 July 2005.

(v) On or about 11 July 2005 Provident obtained a valuation of Annie Street of $7,930,000.

Sub-particulars

Valuation of Annie Street by Taylor Byrne dated 11 July 2005.

(vi) On 20 July 2005 Provident agreed to vary the Neo Lido Loan for an amount of $5,025,000 ("**Neo Lido Variation**").

Sub-particulars

Letter of offer from Provident to Neo East dated 20 July 2005, countersigned by Neo Lido on 20 July 2005.

(k) Mihail Ovchinnikov as trustee for the Ovchinnikov Family Trust ("**Ovchinnikov**");

Particulars

(ia) On 23 April 2001 Provident obtained a valuation of the Moree Hot Springs Motel located on the corner of Newell Highway and Jones Avenue, Moree of $ 3,500,000 ("as is") and $5,500,000 ("as if complete")

Sub-particulars

Valuation of the Moree Hot Springs Motel by Herron Todd White as at May 2001 dated 23 April 2001.

(i) On 26 July 2001 Provident agreed to lend to Ovchinnikov an amount of $3,258,000 to refinance, complete the construction of, and on the security of the Moree Hot Springs Health Resort NSW (consisting of 102 motel rooms) (2/DP212830, 496/DP751780, 13/DP216863, 1/DP212830, 13/DP244567) to expire 3 years after the advance date ("**Ovchinnikov Loan**").

Sub-particulars

Loan agreement between Provident and Ovchinnikov dated 26 July 2001.

(ii) On or about 26 July 2001 Provident obtained a mortgage over the Moree Hot Springs Health Resort.

Sub-particulars

Mortgage 7826404R.

(iii) On 26 July 2001 Provident advanced $1,133,755.85 to Ovchinnikov under the Ovchinnikov Loan.

Sub-particulars

Account ledger for account no. 900208 dated 9 November 2001.

(iv) On or about 21 June 2002 Provident obtained a valuation the Moree Hot Springs Health Resort of $3,675,175 ("as is") or $5,500,000 ("as if complete").

Sub-particulars

Valuation of the Moree Hot Springs Health Resort by Herron Todd White as at June 2002.

(v) On or about 19 December 2002 the amount of the Ovchinnikov Loan was varied to $3,162,000.

Sub-particulars

Facsimile from Provident to Ovchinnikov dated 19 December 2002

(vi) On or about 13 October 2003 Provident gave notice to Ovchinnikov that it was in default under the Ovchinnikov Loan.

Sub-particulars

Letter from Bersten Pain to Ovchinnikov dated 13 October 2003 attaching notice of default

(vii) On 16 July 2004 Provident agreed to rollover the Ovchinnikov Loan to be repaid on 30 November 2004 ("**Ovchinnikov First Rollover**").

Sub-particulars

(A) Offer of loan facility by Provident to Ovchinnikov dated 8 July 2004, countersigned by Ovchinnikov on 16 July 2004.

(B) Deed of loan between Provident and Ovchinnikov dated 11 November 2004.

(viii) On 15 September 2004 Provident again agreed to roll over Ovchinnikov Loan to be repaid on 30 November 2004 ("**Ovchinnikov Second Rollover**").

Sub-particulars

(A) Offer of loan facility by Provident to Ovchinnikov dated 15 September 2004, countersigned by Ovchinnikov on or about 24 September 2004.

(B) Deed of loan between Provident and Ovchinnikov dated 11 November 2004.

(ix) On or about 11 November 2004 Provident obtained a variation of mortgage over the Moree Hot Springs Health Resort.

Sub-particulars

Variation of Mortgage AB93157N.

(x) On 30 November 2004 the Ovchinnikov Loan expired in accordance with its terms, at which time the outstanding balance (including accrued interest and other costs) was at least $3,243,964.

Sub-particulars

Statement for account no. 900208 (Ovchinnikov).

(xi) On 20 December 2004 Provident offered to roll over Ovchinnikov Loan to be repaid on 30 June 2005 ("**Ovchinnikov Third Rollover Offer**").

Sub-particulars

Offer of loan facility by Provident to Ovchinnikov dated 20 December 2004.

(xii) As at 31 December 2004 the Ovchinnikov Loan was in default with an outstanding balance of about $3,226,841.

Sub-particulars

Loan Arrears Report Dec 04.

(xiii) From about June 2005 Ovchinnikov was in default under the Ovchinnikov Loan and as at about 28 February 2006 had an outstanding principal interest bearing balance of $3,262,076.63.

Sub-particulars

Loan Arrears Report for February 2006.

(l) MMT Investment Services Pty Ltd ("**MMT**");

Particulars

(i) On or about 2 December 2004 Provident obtained a valuation of an industrial property at 2-4 Coulsen Street, Erksineville, NSW ("Coulsen Street") of $12,000,000 ("market value").

Sub-particulars

Valuation of Coulsen Street by John Virtue Valuers as at 2 December 2004.

(ii) On 2 March 2005 Provident agreed to lend to MMT an amount of $8,920,000 ("**MMT Loan**") to assist in the purchase of Coulsen Street, secured by a mortgage of Coulsen Street, on the terms that MMT was required to repay:

(A) $1,000,000 by 15 April 2005; and

(B) the remaining balance by 19 June 2005.

Sub-particulars

Loan agreement between Provident and MMT dated 2 March 2005.

(iii) On 2 March 2005 Provident obtained a mortgage over Coulsen Street.

Sub-particulars

Mortgage AB329420Q.

(iv) On 2 March 2005 Provident advanced $8,920,000 to MMT under the MMT Loan.

Sub-particulars

(A) The settlement details are recorded in a letter from Provident's solicitors to MMT's solicitors dated 1 March 2005 that was countersigned on behalf of MMT on 2 March 2005.

(B) Bank Cheque No. 496051 dated 2 March 2005 issued by Westpac Banking Corporation for $7,986,888.80.

(v) MMT failed to repay $1,000,000 of the MMT Loan by 15 April 2005, but did repay that amount by about 29 April 2005.

(vi) MMT failed to repay the remaining balance of the MMT Loan by 19 June 2005 in accordance with its terms.

(vii) On or about 16 October 2005 Provident obtained a valuation of Coulsen Street of $7,000,000 ("market value").

Sub-particulars

Valuation of Coulsen Street by John Virtue Valuers as at 16 October 2005.

(viii) As at about 28 February 2006 MMT was in default under the MMT Loan and had an outstanding principal interest bearing balance of $8,164,741.49

Sub-particulars

Loan Arrears Report Feb 06.

(ix) The outstanding balance of the MMT Loan was:

(A) as at 28 February 2006, about $8,922,506;

Sub-particulars

Loan Arrears Report Feb 06.

(B) as at 30 December 2006, about $10,108,302.

Sub-particulars

Loan Arrears Report as at 30 December 2006.

(x) [deleted].

(m) Silvera Pty Ltd ("**Silvera**");

Particulars

(i) On or about 23 April 2002 Provident obtained a valuation of the properties at 20 & 21 Lauffs Lane, Wyong Creek NSW ("Armstrong Property") of $1,475,000 ("current market value").

Sub-particulars

Valuation of Armstrong Property by MJD dated 23 April 2002.

(ii) On or about 24 April 2002 Provident obtained a valuation of the properties at 1 & 2 Lauffs Lane, Wyong Creek NSW ("Winter Property") of $1,500,000 ("as if complete") represented by land ($600,000) and improvements ($900,000).

Sub-particulars

Valuation of the Winter Property by Robertson & Robertson dated 24 April 2002.

(iii) In about April 2002 obtained a valuation of the property at 3 Caroline Street, East Gosford NSW ("Silvera Property") of $2,100,000 ("current value").

Sub-particulars

Valuation of the Silvera Property by Robertson & Robertson in about April 2002.

(iv) On 29 April 2002 Provident agreed to lend to Silvera an amount of $1,680,000 ("**First Silvera Loan**") for a term of 1 year to assist with the purchase of a development site, secured by a registered first mortgage of the Silvera Property, and second mortgages of the Winter Property and the Armstrong Property, and contemporaneously advanced an amount of $1,680,000.

Sub-particulars

(A) Loan agreement between Provident and Silvera dated 29 April 2002.

(B) Mortgage of the Silvera Property (No. 8547988).

(C) Mortgage of the Armstrong Property (No. 9923864).

(D) Mortgage of the Winter Property (No. 9645358)

(v) As at 29 April 2002 the first mortgage of the Winter Property secured a debt of $790,000 and the first mortgage of the Armstrong Property secured a debt of $620,000.

Sub-particulars

(A) Deed of Priority made on or about 29 April 2002 in relation to Winter Property.

(B) Letter from National Australia Bank to Provident dated 23 April 2002 in relation to Armstrong Property.

(vi) On or about 17 October 2002 Provident obtained a valuation of the Silvera Property of $2,300,000 ("site value") and $5,545,455 ("As If Complete" ex-GST).

Sub-particulars

Valuation of the Silver Property by Robertson & Robertson dated 17 October 2002.

(vii) On 27 November 2002 Provident agreed to refinance the First Silvera Loan and to increase the loan amount to $5,300,000 ("**Second Silvera Loan**") for a term of 15 months to assist with the construction of a residential development, secured by a registered first mortgage of the Silvera Property, and second mortgages of the Winter Property and the Armstrong Property, and contemporaneously advanced amounts totalling $2,010,425.

Sub-particulars

(A) Loan agreement between Provident and Silvera dated 27 November 2002.

(B) Facility Reconciliation for Account 900344 (Second Silvera Loan).

(viii) On 23 May 2003 Provident agreed to lend to a director of Silvera, Robert Winter, and his wife, Diana Winter, an amount of $1,175,000 ("**Winter Loan**") secured by a mortgage of the Winter Property.

Sub-particulars

Loan agreement between Provident and Robert and Diana Winter dated 23 May 2003.

(ix) By about 28 November 2003 the outstanding balance of the Second Silvera Loan had exceeded the applicable LVR Limit of 70% of the projected end value of the development.

Sub-particulars

Loan Statement for Account 13 dated 12 January 2005.

(x) In and after 28 November 2003 Provident continued to make additional loan advances under the Second Silvera Loan ("**Silvera Additional Advances**").

Sub-particulars

Loan Statement for Account 13 dated 12 January 2005.

(xa) On or about 16 February 2004 Provident agreed to refinance the Second Silvera Loan for an increased loan amount of $5,900,000 to be repaid by 31 August 2004 (**Silvera Loan Offer**)

Sub-particulars

(A) Letter of finance offer dated 16 February 2004 from Provident to Silvera, countersigned by Silvera on 26 February 2004.

(B) Diary Note of Stan Roots dated 29 September 2004.

(xi) On or about 27 February 2004 Silvera failed to repay the Second Silvera Loan in accordance with its terms, at which date the outstanding balance of the Second Silvera Loan was about $4,624,810.

Sub-particulars

(A) Loan agreement between Provident and Silvera dated 27 November 2004, clauses 1.1 and 3.1.

(B) Loan Statement for Account 13 (Second Silvera Loan) dated 13 April 2004;

(C) Diary Note of Stan Roots dated 29 September 2004.

(xia) On 10 March 2004 Provident had obtained a valuation of the Silvera Property of $7,100,000 ("as if complete")

(xii) By about 18 June 2004 the amounts advanced by Provident to Silvera under the Second Silvera Loan had exceeded the agreed loan amount of $5,300,000.

Sub-particulars

Loan Statement for Account 13 dated 12 January 2005.

(xiia) On or about 29 October 2004, Provident offered to refinance the Second Silvera Loan for an increased loan amount of $6,400,000 with the loan term maturing on 28 February 2005 (**Second Silvera Loan Offer**).

Sub-particulars

(A) Letter of finance offer dated 29 October 2004 from Provident to Silvera.

(xiii) As at 30 November 2004 the first mortgage of the Winter Property secured a debt of $1,300,000.

Sub-particulars

Deed of Priority made on or about 30 November 2004 in relation to Winter Property.

(xiv) As at 31 December 2004 the outstanding balance of the Second Silvera Loan was about $6,127,951 or alternatively about $6,148,577.

Sub-particulars

(A) Loan Arrears Report Dec 04.

(B) Loan Statement for Account 13 dated 12 January 2005.

(xiva) On or about 10 February 2005, Provident offered to refinance the Second Silvera Loan for an increased loan amount of $6,820,000 with the loan term maturing on 30 June 2005

Sub-particulars

Letter of finance offer dated 10 February 2005 from Provident to Silvera.

(xv) On 29 April 2005 Provident agreed to refinance the Second Silvera Loan and to increase the loan amount to $6,820,000 ("**Third Silvera Loan**") repayable on 30 June 2005, secured by a registered first mortgage of the Silvera Property, and second mortgages of the Winter Property and the Armstrong Property, and contemporaneously advanced amounts totaling $6,850,048.41.

Sub-particulars

(A) Loan agreement between Provident and Silvera dated 29 April 2005.

(B) Loan Statement for Account 344 (Third Silvera Loan) dated 9 May 2008.

(xvi) By about 14 June 2005 the amounts advanced by Provident to Silvera under the Third Silvera Loan had exceeded the agreed loan amount of $6,820,000.

Sub-particulars

Loan Statement for Account 13 dated 12 January 2005.

(xvii) On 30 June 2005 Silvera failed to repay the Third Silvera Loan in accordance with its terms, at which date the outstanding balance of the Third Silvera Loan was about $6,833,033.

Sub-particulars

(A) Loan agreement between Provident and Silvera dated 29 April 2005, clauses 1.1 and 3.1.

(B) Loan Statement for Account 481 dated 14 July 2005

(xviii) The outstanding balance of the Third Silvera Loan was:

(A) as at 28 February 2006, about $8,922,506;

Sub-particulars

Loan Arrears Report Feb 06.

(B) as at 30 December 2006, about $10,108,302.

Sub-particulars

Loan Arrears Report as at 30 December 2006.

(xix) [deleted]

(xx) [deleted].

(n) AJV Constructions Pty Ltd ("**AJV**");

Particulars

(i) [deleted]

(ii) [deleted]

(iii) On or about 4 March 2005 Provident obtained a valuation of Blocks 9 and 10 Section 44 (33 Moore Street and 8 Gould Street) Division of Turner, ACT, ("**Moore & Gould Street**") of $6,570,000 ("current market value") which was under construction and nearing completion.

Sub-particulars

Valuation of Moore & Gould Street by PRP dated 4 March 2005.

(iv) On or about 4 May 2005 Provident obtained an revised valuation of Moore & Gould Street of $6,180,000 ("current market value") due to weakening market conditions.

Sub-particulars

Letter from PRP to Provident dated 4 May 2005.

(v) On or about 7 June 2005 Provident agreed to lend to AJV an amount of $4,410,000 ("**AJV Loan**") for 3 months to refinance a substantially completed residential development, secured by a mortgage of Moore & Gould Street.

Sub-particulars

Loan agreement between Provident and AJV dated 7 June 2005.

(vi) On 14 June 2005 Provident obtained a mortgage over Moore & Gould Street.

Sub-particulars

Mortgage of Moore & Gould Street dated 14 June 2005.

(vii) On 14 June 2005 Provident advanced $4,336,383 to AJV under the AJV Loan.

Sub-particulars

Loan Statement for Account 332 to 14 September 2006.

(viii) By about 5 August 2005 the amounts advanced by Provident AJV under the AJV Loan had exceeded the agreed loan amount of $4,410,000.

Sub-particulars

Loan Statement for Account 332 to 14 September 2006.

(ix) On 14 September 2005, AJV failed to repay the AJV Loan in accordance with its terms.

Sub-particulars

Loan agreement between Provident and AJV dated 7 June 2005, clauses 1.1 and 6.1.

(x) On 24 October 2005 AJV was placed into administration.

Sub-particulars

(A) Notice to Creditors dated 9 December 2005.

(B) Loan Arrears Report for February 2006.

(xi) In and after August 2005 Provident continued to make additional loan advances under the AJV Loan ("**AJV First Additional Advances**").

Sub-particulars

Loan Statement for Account 332 to 14 September 2006.

(xii) By about 15 January 2006 the outstanding balance of the AJV Loan had exceeded the applicable LVR Limit of 85%.

Sub-particulars

Loan Statement for Account 332 to 14 September 2006.

(xiii) In and after January 2006 Provident continued to make additional loan advances under the AJV Loan ("**AJV Second Additional Advances**").

Sub-particulars

Loan Statements for Account 332 to 24 March 2007 and to 14 January 2008.

(xiv) By 30 June 2006 the outstanding balance of the AJV Loan was about $5,624,443.

Sub-particulars

Loan Statement for Account 332 to 27 March 2007.

(o) Tembelli Pty Ltd ACN 095 067 940 ("**Tembelli**");

Particulars

(i) On or about 14 January 2005 Provident obtained a valuation of the property at 146 Boundary Street, Paddington NSW ("**Paddington**") of $4,775,000.

Sub-particulars

Valuation of Paddington by John Virtue Valuers dated 14 January 2005.

(ii) On or about 10 February 2005 Provident agreed to lend to Tembelli an amount of $3,700,000 to refinance an existing mortgage over Paddington for a term of 4 months ("**Tembelli Loan**").

Sub-particulars

(A) Loan agreement between Provident and Tembelli dated 9 February 2005, countersigned by Tembelli on 10 February 2005.

(B) Deed of Loan between Provident and Tembelli dated 16 February 2005.

(iii) On 16 February 2005 Provident advanced to Tembelli loan amounts totalling $3,700,000.

Sub-particulars

(A) Statement for account no. 463 (Tembelli).

(B) Statement for account no. 328 (Tembelli).

(iv) On 16 February 2005 Provident obtained a mortgage over Paddington.

Sub-particulars

Mortgage AB304190V dated 16 February 2005.

(v) From about 15 March 2005 Tembelli was in default of its obligations under the Tembelli Loan.

Sub-particulars

Notice of default given by Provident to Tembelli dated 27 June 2005.

(vi) On 16 June 2005 the Tembelli Loan expired in accordance with its terms at which time the amount outstanding was about $3,835,956.

Sub-particulars

Statement for account 328 (Tembelli).

(vii) On or about 30 June 2005 Provident agreed to roll over the Tembelli Loan for a further 90 days from 16 June 2005 and advanced an additional amount of $30,000 ("**Tembelli Rollover**").

Sub-particulars

(A) Instructions to accounts in respect of Tembelli dated 30 June 2005.

(B) Statement for account 328 (Tembelli).

(viii) On 24 August 2005 Provident appointed a joint receiver and manager of Tembelli and the whole of its assets.

Sub-particulars

Deed of appointment made 24 August 2005.

(viiia) On or about 20 September 2005 the appointed receiver and manager of Tembelli had obtained a valuation of Paddington of $3,900,000 ("as is").

(ix) As at about 28 February 2006 Tembelli had an outstanding principal interest bearing balance under the Tembelli Loan of $3,738,945.15.

Sub-particulars

Loan Arrears Report Feb 06.

(p) Alex G Grivas Pty Ltd ACN 000 288 684 ("**Grivas**");

Particulars

(ia) On 19 December 2003 Provident agreed to lend to Grivas an amount of $2,500,000 on security of the property at 1-9 Glebe Point Road, Glebe, NSW ("**Glebe Point**") for a loan term of 1 year after the first advance.

Sub-particulars

Deed of loan between Provident and Grivas dated 19 December 2003.

(i) On 19 December 2003 Provident advanced to Grivas amounts totalling of $2,197,140 ("**Grivas Loan 275**").

Sub-particulars

Statement for account no. 275 (Grivas).

(ii) On 24 September 2004 Provident agreed to lend to Grivas an amount of $3,405,000 on security of the property at 1-9 Glebe Point Road, Glebe, NSW ("**Glebe Point**") to be repaid by 30 April 2005 ("**Grivas Loan 275 Loan Rollover**").

Sub-particulars

Letter of offer from Provident to Grivas ~~Cleveland~~ dated 24 September 2004, countersigned by Grivas on 22 October 2004.

(iii) On or about 17 November 2004 Provident obtained an indicative valuation of Glebe Point of $4,600,000 (subject to sighting DA approval and completion of valuation report).

Sub-particulars

(A) Letter from Burgess Rawson to Provident dated 17 November 2004.

(B) Facsimile from Provident to George Minas dated 23 November 2004.

(C) Valuation Report by Burgess Rawson dated 12 November 2004.

(iv) On or about 22 November 2004 Provident obtained a valuation of Glebe Point of $4,600,000 ("**Glebe Point Valuation 2004**").

Sub-particulars

(A) Letter from Burgess Rawson to Provident dated 22 November 2004.

(B) Valuation Report by Burgess Rawson dated 12 November 2004.

(v) On or about 21 December 2004 Provident refinanced Grivas Loan 275 into account number 453 ("**Grivas Loan 453**") for an amount of $3,405,000.

Sub-particulars

Statement for account no. 453 (Grivas) dated 18 March 2005.

(vi) On 21 March 2005 Provident extended Grivas Loan 453 to 30 July 2005 ("**Grivas Loan 453 Rollover**").

Sub-particulars

Instruction to Accounts dated 21 March 2005.

(vii) On 30 July 2005 Grivas Loan 453 expired in accordance with its terms.

(viii) From about June or July 2005 Grivas was in default under Grivas Loan 453 (refinanced into Grivas Loan 317 in or about October 2005).

Sub-particulars

Loan Arrears Report for February 2006.

(ix) On or about 4 August 2005 Provident obtained a valuation of Glebe Point Road of $4,600,000.

Sub-particulars

Valuation Report by Burgess Rawson dated 4 August 2005.

(ixa) On 13 October 2005 Provident agreed to refinance the Grivas loan in the amount of $3,487,000 on security of Glebe Point to be repaid by 31 January 2006

Sub-particulars

Letter of offer of loan facility from Provident to Grivas dated 13 October 2005, countersigned by Grivas on 8 November 2005.

(x) In or about October 2005 Provident refinanced Grivas Loan 453 into loan account 317 ("**Grivas Loan 317**"), at which time the outstanding balance (including accrued interest and other costs) was about $3,456,167.

Sub-particulars

Interest statement for matter no. 317 (Grivas) attached to facsimile from Provident to Theo Skalkos dated 29 September 2005.

(xi) As at about 28 February 2006 Grivas Loan 317 was 9.72 months in arrears had an outstanding principal interest bearing balance of $3,412,243.23.

Sub-particulars

Loan Arrears Report for February 2006.

(xia) On 25 June 2007 Provident had obtained a valuation of Glebe Point of $6,550,000 ("market value")

Sub-particulars

Valuation Report by C.D Chenoweth & Associates Pty Ltd dated 25 June 2007.

(xib) On 27 June 2007 Provident agreed to refinance the Grivas in the amount of $4,900,000 on security of Glebe Point to be repaid by 31 January 2006

Sub-particulars

Letter of offer of loan facility from Provident to Grivas dated 27 June 2007, countersigned by Grivas on 28 June 2007.

(xii) On or about 29 June 2007 Provident refinanced Grivas Loan 317 into loan account 359 ("**Grivas Loan 359**"), at which time the outstanding balance (including accrued interest and other costs) was about $3,878,202.

Sub-particulars

Interest statement for matter no. 317 (Grivas) dated 6 September 2007.

(q) Unique Castle Development Pty Ltd ACN 108 427 783 ("**Unique Castle**");

Particulars

(i) On or about 24 June 2005 Provident obtained a valuation of 161 Castle Road, Castle Hill, NSW of $3,900,000 ("**Castle Hill Property**").

Sub-particulars

Valuation of Castle Hill Property by C.D Chenowith & Associates dated 24 June 2005.

(ii) On or about 8 July 2005 Provident agreed to lend to Unique Castle an amount of $3,315,000 ("**First Unique Castle Loan**") for 12 months to assist with the purchase of the Castle Hill Property, on security including a first registered mortgage over the Castle Hill Property and a second registered mortgage over the property at 9 Hoop Pine Place, West Pennant Hills, NSW ("Hoop Pine Place").

Sub-particulars

Loan agreement between Provident and Unique Castle dated 8 July 2005.

(iii) On or about 15 June 2006 Provident obtained a valuation of the Castle Hill Property of $4,050,000.

Sub-particulars

Valuation of Castle Hill Property by C.D Chenowith & Associates dated 15 June 2006.

(iv) On or about 15 June 2006 Provident agreed to lend to Unique Castle an amount of $3,442,500 ("**Second Unique Castle Loan**") to be repaid on 7 July 2007 to refinance the First Unique Castle Loan, on security including a first registered mortgage over the Castle Hill Property and a second registered mortgage over Hoop Pine Place.

Sub-particulars

Loan agreement between Provident and Unique Castle dated 15 June 2006.

(v) By about 19 September 2006 the outstanding balance of the Second Unique Castle Loan had exceeded both the agreed loan amount and the applicable LVR Limit of 85%.

Sub-particulars

Loan Statement for Account 366 to 14 June 2014.

(vi) On 7 July 2007, Unique Castle failed to repay the Second Unique Castle Loan in accordance with its terms.

Sub-particulars

Loan agreement between Provident and Unique Castle dated 15 June 2006, clauses 1.1 and 3.1.

(vii) By about 31 December 2007 the outstanding balance of the Second Unique Castle Loan was about $4,188,124.

Sub-particulars

Loan Statement for Account 366 to 14 June 2014.

(viii) On or about 29 May 2014 a total outstanding amount of about $7,053,565 of the Second Unique Castle Loan was written off.

Sub-particulars

Loan Statement for Account 366 to 14 June 2014.

Quarterly Reports

16. Pursuant to section 283BF of the *Corporations Act*, Provident provided quarterly reports to AET.

Particulars

(a) On or about 1 February 2005, a report for the quarter ending 31 December 2004.

(b) On or about 28 April 2005, a report for the quarter ending 31 March 2005.

(c) On or about 28 July 2005, a report for the quarter ending 30 June 2005.

(d) On or about 21 October 2005, a report for the quarter ending 30 September 2005.

(e) On or about 23 January 2006, a report for the quarter ending 31 December 2005.

(f) On or about 26 April 2006, a report for the quarter ending 31 March 2006.

(g) On or about 27 July 2006, a report for the quarter ending 30 June 2006.

(h) On or about 19 October 2006, a report for the quarter ending 30 September 2006.

(i) On or about 23 January 2007, a report for the quarter ending 31 December 2006.

(j) On or about 30 April 2007, a report for the quarter ending 31 March 2007.

(k) On or about 26 July 2007, a report for the quarter ending 30 June 2007.

(l) On or about 17 October 2007, a report for the quarter ending 30 September 2007.

(m) On or about 1 February 2008, a report for the quarter ending 31 December 2007.

Loan arrears reports

17. On or about 17 February 2005, Provident prepared a report of past due loans as at 31 December 2004 (**Loan Arrears Report Dec 04**) which stated that total past due loans as at that date was $63,392,885, the 5 largest of which were:

(a) Burleigh Views - $9,156,894;

(b) Tahatos - $7,668,695; and

(c) Neo East - $4,227,164;

(d) Silvera - $6,071,486;

(e) Chrysalis - $4,651,787.

Particulars

Email from Sophie Chen to Michael O'Sullivan and Trevor Seymour dated 17 February 2005 attaching Loan Arrears Report Dec 04.

17A. On or about 30 April 2005, Provident prepared a report of past due loans as at 30 April 2005 (**Loan Arrears Report Apr 05**) which stated that total past due loans as at that date was total $53,940,767, the 5 largest of which were:

(a) Burleigh Views - $9,548,493;

(b) Tahatos - $7,668,694;

(c) Clucor Pty Ltd (Loan ID) - $4,268,985;

(d) Neo East - $4,229,226;

(e) Ovchinnikov - $3,251,841;

Particulars

Document entitled 'Past Due Loans as at 30/04/05'.

18. After February 2006, Provident periodically provided 'arrears reports' to AET in respect of loans more than three months in arrears on interest payments.

Particulars

(a) On 3 April 2006, a report for February 2006 which identified 25 arrears loans with an aggregate principal interest bearing balance of $60,952,924 (or 29.92% of the total loan portfolio) (**Loan Arrears Report Feb 06**).

(b) On 2 May 2006, a report for March 2006 which identified 30 arrears loans with an aggregate principal interest bearing balance of $64,468,417 (or 32.31% of the total loan portfolio).

(c) On 15 June 2006, a report for May 2006 which identified 26 arrears loans with an aggregate principal interest bearing balance of $62,461,251 (or 32.89% of the total loan portfolio).

(d) On 28 July 2006, a report for June 2006 which identified 17 arrears loans with an aggregate principal interest bearing balance of $49,655,204 (or 26.42% of the total loan portfolio).

(e) On 15 August 2006, a report for April 2006 which identified 26 arrears loans with an aggregate principal interest bearing balance of $61,819,741 (or 32.56% of the total loan portfolio).

(f) On 22 August 2006, a report for July 2006 which identified 18 arrears loans with an aggregate principal interest bearing balance of $52,326,426 (or 27.80% of the total loan portfolio).

(g) On 27 September 2006, a report for August 2006 which identified 16 arrears loans with an aggregate principal interest bearing balance of $50,113,447 (or 29.00% of the total loan portfolio).

(h) On 30 October 2006, a report for September 2006 which identified 20 arrears loans with an aggregate principal interest bearing balance of $50,294,587 (no percentage of the total loan portfolio provided).

(i) On 22 November 2006, a report for October 2006 which identified 26 arrears loans with an aggregate principal interest bearing balance of $54,922,114 (or 28.16% of the total loan portfolio).

(j) On 15 December 2006, a report for November 2006 which identified 27 arrears loans with an aggregate principal interest bearing balance of $58,196,887 (or 29.03% of the total loan portfolio).

(k) On 31 January 2007, a report for December 2006 which identified 23 arrears loans with an aggregate principal interest bearing balance of $54,382,518 (or 26.89% of the total loan portfolio).

(l) On 24 December 2007, a report for November 2007 which identified 23 arrears loans with an aggregate principal interest bearing balance of $53,967,286 (or 28.09% of the total loan portfolio)~~. Further particulars will be provided following discovery, the issuing of subpoenas and the conclusion of the public examination~~.

19. By reason of the 'arrears reports' provided by Provident to AET, from at least February 2005, or further and alternatively, April 200~~5~~6, AET knew that a substantial proportion of loans in Provident's loan portfolio were in arrears.

Breaches of LVR Criteria Requirement

20. During the period from and including March 2000 until at least 30 June 2012, Provident breached LVR Criteria Requirement by:

(a) entering into facility agreements which did not satisfy the LVR Criteria in that no certified value of the primary facility security had been obtained by Provident at the time it offered to grant the finance facility;

Particulars

A. Burleigh Views

	Date	Finance facility
(i)	21/3/2000	Burleigh Views Loan
~~(ii)~~	~~17/1/2002~~	~~Burleigh Views First Rollover~~
(iii)	20/6/2002	Burleigh Views Second Rollover
(iiia)	9/9/2002	Burleigh Views Third Rollover
(iv)	24/4/2004	Burleigh Views Fourth ~~Third~~ Rollover
(iva)	12/10/2004	Burleigh Views Fifth Rollover
(v)	3/5/2007	Burleigh Views Sixth ~~Fourth~~ Rollover

B. Tahatos

	Date	Finance facility
(i)	7/11/00	Tahatos Mascot Loan First Rollover
(ii)	15/12/00	Tahatos Canterbury Loan
(iii)	15/12/00	Tahatos Minto Loan
(iv)	28/6/02	Tahatos Mascot Loan Second Rollover
(v)	15/12/02	Tahatos Mascot Loan Third Rollover

C. Chrysalis

	Date	Finance facility
(i)	17/5/2002	Chrysalis Loan Offer
(ii)	12/7/2004	Chrysalis Loan Rollover Offer
(iii)	12/4/2005	Chrysalis Loan Second Rollover Offer
(iv)	15/6/2006	Chrysalis Loan Rollover

D. Delta Dawn

	Date	Finance facility
(i)	3/9/2004	Delta Dawn Additional Advance
(ii)	21/12/2005	Delta Dawn Rollover

E. Yarraman

	Date	Finance facility
(i)	21/12/2005	Yarraman Loan
(ii)	18/3/2008	Yarraman First Rollover
(iii)	4/5/2009	Yarraman Second Rollover
(iv)	6/7/2009	Yarraman Third Rollover
(v)	14/1/2010	Yarraman Fourth Rollover

F. Empress

	Date	Finance facility
(i)	13/2/2004	Empress Loan
(ii)	4/3/2005	Empress First Additional Advances
(iii)	24/3/2005 to 20/5/2005	Empress Second Additional Advances

G. MJ Server

	Date	Finance facility
(i)	26/9/06	MJ Server First Offer
(ii)	10/10/06	MJ Server Second Offer
(iii)	27/10/2006	MJ Server Loan
(iv)	29/10/2007	MJ Server Loan Rollover

H. Neo East

	Date	Finance facility
(i)	27/5/2005~~17/12/03~~	Neo East Rollover
(ii)	20/7/2005	Neo East Second Rollover

I. Cleveland

	Date	Finance facility
(i)	29/9/2006	Cleveland Loan
(ii)	26/9/2007	Cleveland First Rollover
(iii)	9/7/2008	Cleveland Third Rollover
(iv)	28/9/2010	Cleveland Additional Advances

J. Ovchinnikov

	Date	Finance facility
~~(i)~~	~~26/7/2001~~	~~Ovchinnikov Loan~~
(ii)	16/7/2004	Ovchinnikov First Rollover
(iii)	15/9/2004	Ovchinnikov Second Rollover
(iv)	20/12/2004	Ovchinnikov Third Rollover Offer

K. Tembelli

	Date	Finance facility
(i)	30/6/2005	Tembelli Rollover

L. Grivas

	Date	Finance facility
(i)	19/12/2003	Grivas Loan 275
(ii)	24/9/2004	Grivas Loan 275 Rollover
(iii)	21/3/2005	Grivas Loan 453 Rollover

~~(iv)~~	~~29/6/2007~~	~~Grivas Loan 359~~

N. Silvera

	Date	Finance facility
(i)	23/5/03	Winter Loan
(ii)	16/2/04	Silvera Loan Offer
(iii)	29/10/04	Second Silvera Loan Offer
(iv)	29/4/2005	Third Silvera Loan

(b) causing or permitting the making of finance facility transactions which did not satisfy the LVR Criteria in that no certified value of the primary facility security had been obtained by Provident at the time it offered to grant the finance facility;

Particulars

A. Burleigh Views

	Date(s)	Finance facility transaction(s)
(i)	Between 21/3/2000 and 2/3/2001	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 34390.
(ii)	Between ~~17/1~~ 20/6/2002 and 23/12/2003	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 34390
(iii)	Between ~~22~~ 24/4/2004 and 30/6/2012	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 34390

B. Tahatos

	Date	Finance facility transaction
(i)	Between 7/11/00 and 22/12/05	Each advance, capitalisation of interest and other financial accommodation made under the Tahatos Mascot Loan.

(ii)	Between 15/12/00 and 29/06/07	Each advance, capitalisation of interest and other financial accommodation made under the Tahatos Canterbury Loan.
(iii)	Between 15/12/00 and 29/06/07	Each advance, capitalisation of interest and other financial accommodation made under the Tahatos Minto Loan.

C. Chrysalis

	Date	**Finance facility transaction**
(i)	Between 15/6/2006 and 9/12/2009	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 439.

D. Delta Dawn

	Date(s)	**Finance facility transaction(s)**
(i)	Between 3/9/2004 and 31/5/2012	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 252.

E. Yarraman

	Date(s)	**Finance facility transaction(s)**
(i)	Between 21/12/2005 and 31/5/2012	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 160.

F. Empress

	Date(s)	**Finance facility transaction(s)**
(i)	Between 13/2/2004 and 29/6/2005	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 309.

G. MJ Server

	Date(s)	Finance facility transaction(s)
(i)	Between 27/10/2006 and 5/2/2009	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 30790

H. Neo East

	Date(s)	Finance facility transaction(s)
(i)	Between 27/5/05 and 16/10/2006	Each advance, capitalisation of interest and other financial accommodation made under the Neo East Loan (account no. 280 and/or loan ID 153)

I. Cleveland

	Date(s)	Finance facility transaction(s)
(i)	Between 29/9/2006 and 15/11/2007	Each advance, capitalisation of interest and other financial accommodation made under the Cleveland Loan (including but not limited to account no. 37073)
(ii)	Between 9/7/2008 and 30/9/2011	Each advance, capitalisation of interest and other financial accommodation made under the Cleveland Loan (including but not limited to account no. 37073)

J. Ovchinnikov

	Date(s)	Finance facility transaction(s)
(i)	Between ~~26/7/2001~~ 16/7/2004 and 30/6/2012	Each advance, capitalisation of interest and other financial accommodation made under the Ovchinnikov Loan (account no. 413).

JA. MMT

	Date(s)	Finance facility transaction(s)
(ii)	After 16/10/2005	Each advance, capitalisation of interest and other financial accommodation made under the MMT Loan.

K. Tembelli

	Date(s)	Finance facility transaction(s)
(i)	Between 16/6/2005 and 24/8/2005	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 328.

L. Grivas

	Date(s)	Finance facility transaction(s)
(i)	Between 19/12/2003 and 21/12/2004	Each advance, capitalisation of interest and other financial accommodation made under Grivas Loan 275.
(ii)	Between 21/3/2005 and 13 October 2005	Each advance, capitalisation of interest and other financial accommodation made under Grivas Loan 453.
(iii)	After 29/6/2007	Each advance, capitalisation of interest and other financial accommodation made under Grivas Loan 359.

M. Silvera

	Date	Finance facility
(i)	23/5/2003	Each advance, capitalisation of interest and each capitalisation of interest and other financial accommodation made under the Winter Loan

(ii)	29/4/2005	Each advance, capitalisation of interest and each capitalisation of interest and other financial accommodation made under the Third Silvera Loan

N. AJV

	Date	Finance facility
(i)	In and after ~~October~~ August 2005	AJV First Additional Advances and each other capitalisation of interest and financial accommodation made under the Second Unique Castle Loan
(ii)	In and after January 2006	AJV Second Additional Advances and each capitalisation of interest and other financial accommodation made under the AJV Loan

O. Unique Castle

	Date	Finance facility
(i)	In and after September 2006	Each advance, capitalisation of interest and each capitalisation of interest and other financial accommodation made under the Second Unique Castle Loan

(c) entering into finance facilities which did not satisfy the LVR Criteria in that the LVR exceeded the LVR Limit;

Particulars

A. Tahatos

	Date	Finance facility
(i)	22/12/05	Tahatos Mascot Loan Fourth Rollover

B. Chrysalis

	Date(s)	Finance facility
(i)	6/3/2003	Chrysalis Loan

C. Grivas

	Date(s)	Finance facilities
(i)	21/12/2004	Grivas Loan 453
(ii)	October 2005	Grivas Loan 317

D. Silvera

	Date	Finance facility
(i)	27/11/2002	Second Silvera Loan
(ii)	23/5/2003	Winter Loan
(iii)	29/4/2005	Third Silvera Loan

(d) causing or permitting the making of finance facility transactions which did not satisfy the LVR Criteria in that the LVR exceeded, or was permitted to exceed, the LVR Limit.

Particulars

A. Tahatos

	Date(s)	Finance facility(s)
(i)	Between 22/12/2005 and 29/6/2007	Each advance, capitalisation of interest and other financial accommodation made under the Tahatos Mascot Loan.

B. Chrysalis

	Date(s)	Finance facility(s)
(i)	Between 6/3/2003 and 15/6/2006	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 439.

(ii)	Between 9/12/2009 and 30/6/2012	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 439.

C. Delta Dawn

	Date(s)	**Finance facility transaction(s)**
(i)	Between 31/5/2012 and 30/6/12	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 252.

D. Yarraman

	Date(s)	**Finance facility transaction(s)**
(i)	Between 31/5/2012 and 30/6/2012	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 160.

E. MJ Server

	Date(s)	**Finance facility transaction(s)**
(i)	Between 5/2/2009 and 30/6/2012	Each advance, capitalisation of interest and other financial accommodation as recorded in the loan statement for account no. 30790

EA. MMT

	Date(s)	**Finance facility transaction(s)**
(i)	After 16/10/2005	Each advance, capitalisation of interest and other financial accommodation made under the MMT Loan.

F. Grivas

	Date(s)	**Finance facility transaction(s)**
(i)	Between 22/11/2004 and October 2005	Each advance, capitalisation of interest and other financial accommodation made under

		Grivas Loan 453.
(ii)	Between October 2005 and 29/6/2007	Each advance, capitalisation of interest and other financial accommodation made under Grivas Loan 317.

G. AJV

	Date	**Finance facility**
(i)	In and after January 2006	AJV Second Additional Advances and each capitalisation of interest and other financial accommodation made under the AJV Loan.

H. Silvera

	Date	**Finance facility**
(i)	Between 28/11/2003 and 28/4/2005	Silvera Additional Advances and each capitalisation of interest and other financial accommodation made under the Second Silvera Loan
(ii)	23/5/2003	Each advance, capitalisation of interest and other financial accommodation made under the Winter Loan
(iii)	29/4/2005	Each advance, capitalisation of interest and other financial accommodation made under the Third Silvera Loan

I. Unique Castle

	Date	**Finance facility**
(ii)	In and after September 2006	Each advance, capitalisation of interest and each capitalisation of interest and other financial accommodation made under the Second Unique Castle Loan

Breaches of Use of Debenture Funds Requirement

21. During the period from March 2000 until 29 June 2012, Provident breached the Use of Debenture Funds Requirement by applying debenture funds for purposes other than those permitted by the Trust Deed.

Particulars

(a) Provident used the debenture funds for the payment of dividends;

Sub-particulars

The April 2009 dividend and June 2010 dividend.

(b) Provident used the debenture funds for general operating expenses of Provident;

(c) Provident used the debenture funds to meet existing current liabilities of Provident;

(d) Provident used new debenture funds for the purpose of repaying other debenture holder redemptions in respect of their investments;

(e) Provident used debenture funds for the payment of interest on debenture investments with respect to loans that did not satisfy the LVR Criteria Requirement;

Sub-particulars

The particulars at paragraph 20 above are repeated.

(f) Provident used debenture funds to establish and maintain a cash collateral account with a balance of $5 million to $10 million on a sliding scale according to the portfolio balance pursuant to the terms of a facility agreement made on or about 26 August 2006 between Provident and Adelaide and Bendigo Bank Limited (then known as Adelaide Bank Limited);

(g) Provident used debenture funds to fund the obligations of Provident Cashflow Pty Ltd under a Receivables Acquisition and Servicing Agreement dated 30 June 2006.

(h) further particulars will be provided following discovery, the issuing of subpoenas and the conclusion of the public examination.

Breaches of the Business Conduct Requirement

22. During the period from 11 December 1998 until 29 June 2012, Provident breached the Business Conduct Requirement and section 283BB(a) of the *Corporations Act* by:

(a) conducting finance facilities in a manner that did not satisfy the requirements of the Trust Deed;

Particulars

(i) The pleadings and particulars at paragraphs 20 and 21 above and 23 below are repeated.

(ii) Provident failed, on and after February 2005, to provide to AET particulars of the action taken by it to recover any of the loan arrears.

Sub-particulars

The particulars at paragraph 8(k)(vii)(B) above are repeated.

(b) conducting finance facilities in a manner that did not satisfy the requirements of the Procedure Manual or reasonably prudent lending practices;

Particulars

A. Burleigh Views

(i) Provident failed to obtain a valuation of Fleay Court at the time of entry into the Burleigh Loan.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(ii) Neither the Fleay Court Valuation 2002 nor the Fleay Court Valuation 2003 should have been relied upon for the purpose of determining whether the Burleigh Views Loan satisfied the LVR Criteria, as each valuation assumed the existence of the Development Consent which had lapsed by March 2002 and, in the case of the Fleay Court Valuation 2003, had not been prepared by a valuer instructed by Provident and was not addressed to Provident.

Sub-particulars

The particulars at paragraphs 10(d), 10(g) and 10(j) above are repeated.

(iii) Provident should not have permitted the term of the Burleigh Views Loan to exceed 2 years in duration.

Sub-particulars

The particulars at paragraph 10(e) above are repeated.

(iv) ~~Provident failed to obtain any quantity surveyor reports for the Burleigh Views Loan or in respect of any progress claims.~~

~~**Sub-particulars**~~

~~The particulars at paragraph 10(h) above are repeated.~~

(v) Provident made partial and progressive loan drawdowns without evidence of work completed.

Sub-particulars

The particulars at paragraph 10(p) above are repeated.

(vi) Provident failed to obtain a new application form and updated valuation for each of the Burleigh Views First, Second, Third, ~~and~~ Fourth, Fifth and Sixth Rollovers. ~~and the Burleigh Views Fifth Rollover Offer~~

Sub-particulars

The particulars at paragraph 10(s) above are repeated.

(vii) Provident failed to commence recovery/legal action once the Burleigh Views Loan remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

(viii) Provident repeatedly rolled over the Burleigh Views Loan and capitalised interest when the borrower was in default, including after expiry of the term without repayment by the borrower.

(ix) Provident failed to put in place loan agreements with Burleigh Views for the periods from 20 March 2001 to 20 December 2001, 20 March 2004 to 24 April 2004, 30 November 2004 to 2 May 2007 and 3 May 2008 to 29 June 2012.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(x) Provident failed to obtain from the borrower at all times supporting documents confirming income levels, expenditure and financial position (evidence of asset ownership).

Sub-particulars

The particulars at paragraph 10(b) above are repeated.

(xi) Provident failed to obtain from the loan manager at all times a valuation certification.

Sub-particulars

The particulars at paragraph 10(k) above are repeated.

(xii) Provident failed to obtain at all times evidence that mortgage property insurance had been obtained for Fleay Court and that such insurance had been renewed annually.

Sub-particulars

The particulars at paragraph 10(u) above are repeated.

(xiii) Provident had failed to obtain from its solicitors to the effect that Provident would receive a good title as first registered mortgagee of Fleay Court.

Sub-particulars

The particulars at paragraph 10(r) above are repeated.

(xiv) Provident failed to monitor at all times the loan to ensure the monitoring of the loan to ascertain that adequate funds were available to meet the cost of the completion of the project/building.

Sub-particulars

The particulars at paragraph 10(q) above are repeated.

(xv) Provident had in the Loan Arrears Report Feb 06 falsely reported on significant items in respect of Burleigh Views to the effect that the development at Fleay Court was "complete", that the Burleigh Views loan had a "low LVR" and that there was an "expectation of sale soon".

Sub-particulars

The particulars at paragraph 10(v) above are repeated.

B. Tahatos

(i) Provident failed to obtain a written loan application form for the Tahatos Mascot Loan.

Sub-particulars

The particulars at paragraph 10(a) above are repeated.

(ii) Provident failed to obtain supporting documents to confirm income levels, expenditure and financial position of Tahatos.

Sub-particulars

The particulars at paragraph 10(b) above are repeated.

(iii) Provident failed to obtain a valuation of Canterbury or Minto at the time of entry into the Tahatos Mascot Loan.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(iv) Provident failed to obtain a written loan application form for the Tahatos Canterbury Loan.

Sub-particulars

The particulars at paragraph 10(a) above are repeated.

(v) Provident failed to obtain a valuation of Canterbury at the time of entry into the Tahatos Canterbury Loan.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(vi) Provident failed to obtain a written loan application form for the Tahatos Minto Loan. **Sub-particulars**

The particulars at paragraph 10(a) above are repeated.

(vii) Provident failed to obtain a valuation of Minto at the time of entry into the Tahatos Minto Loan.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(viii) Provident should not have permitted the term of the Tahatos Mascot Loan to exceed 2 years in duration.

Sub-particulars

The particulars at paragraph 10(e) above are repeated.

(ix) Provident failed to obtain any quantity surveyor reports for the Tahatos Mascot Loan or in respect of any progress claims.

Sub-particulars

The particulars at paragraph 10(h) above are repeated.

(x) Provident made partial and progressive loan drawdowns without evidence of work completed.

Sub-particulars

The particulars at paragraph 10(p) above are repeated.

(xi) Provident failed to obtain a new application form and updated valuations for each of the Tahatos Mascot Loan First, Second and Third Rollovers.

Sub-particulars

The particulars at paragraph 10(s) above are repeated.

(xii) Provident failed to ensure that mortgage property insurance was held for Mascot, Canterbury and Minto with Provident's interest noted on the relevant insurance policies and did not obtain evidence of renewal/current insurance cover annually.

Sub-particulars

The particulars at paragraph 10(u) above are repeated.

(xiii) Provident failed to commence recovery/legal action once the Tahatos Mascot Loan remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

(xiv) Provident repeatedly rolled over the Tahatos Mascot Loan and capitalised interest when the borrower was in default, including after expiry of the term without repayment by the borrower.

(xv) Provident failed to put in place loan agreements with Tahatos in respect of the Tahatos Mascot Loan for the periods from 1 July 2001 to 28 June 2002, 1 October 2003 to 22 December 2005 and at any time after 22

June 2006.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(xvi) Provident failed to put in place loan agreements with Tahatos in respect of the Tahatos Canterbury and Minto Loans at any time after 14 December 2001.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(xvii) Provident failed to obtain from the borrower at all times supporting documents confirming income levels, expenditure and financial position (evidence of asset ownership).

Sub-particulars

The particulars at paragraph 10(b) above are repeated.

(xviii) Provident failed to obtain from the loan manager at all times a valuation certification.

Sub-particulars

The particulars at paragraph 10(k) above are repeated.

(xix) Provident had failed to obtain from its solicitors to the effect that Provident would receive a good title as first registered mortgagee of Canterbury or Minto.

Sub-particulars

The particulars at paragraph 10(r) above are repeated.

(xx) Provident failed to monitor at all times the loan to ensure the monitoring of the loan to ascertain that adequate funds were available to meet the cost of the completion of the project/building.

Sub-particulars

The particulars at paragraph 10(q) above are repeated.

C. Chrysalis

(i) Provident failed to obtain a written loan application form for the Chrysalis Loan.

Sub-particulars

The particulars at paragraph 10(a) above are repeated.

(ii) Provident failed to obtain supporting documents to confirm income levels, expenditure and financial position of Chrysalis.

Sub-particulars

The particulars at paragraph 10(b) above are repeated.

(iii) Provident failed to treat the Chrysalis Loan at all material times as a construction loan.

(iv) Provident should not have permitted the term of the Chrysalis Loan to exceed 2 years in duration.

Sub-particulars

The particulars at paragraph 10(e) above are repeated.

(v) Provident failed to obtain any quantity surveyor reports for the Chrysalis Loan or in respect of any progress claims.

Sub-particulars

The particulars at paragraph 10(h) above are repeated.

(vi) Provident made partial and progressive loan drawdowns without evidence of work completed.

Sub-particulars

The particulars at paragraph 10(p) above are repeated.

(vii) Provident failed to obtain a new application form for the Chrysalis Rollover

Sub-particulars

The particulars at paragraph 10(s) above are repeated.

(viii) Provident failed to commence recovery/legal action once the Chrysalis Loan remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

(ix) Provident rolled over the Chrysalis Loan and capitalised interest when the borrower was in default, including after expiry of the term without repayment by the borrower.

(x) Provident failed to put in place loan agreements with Chrysalis in respect of the Chrysalis Loan for the periods from 23 June 2001 to 17 May 2002, 7 March 2004 to 12 July 2004, 30 September 2004 to 12 April 20054, and at any time after 31 July 2007.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

D. Delta Dawn

(i) Provident failed to obtain a valuation of Yarraman Estate at the time of entry into the Delta Dawn Loan.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(ii) Provident failed to obtain a valuation of Jugiong Vineyard or Yarraman Estate at the time of making the Additional Delta Dawn Advance, or a new application form.

Sub-particulars

The particulars at paragraphs 10(c) and 10(s) above are repeated.

(iii) Provident failed to ensure that mortgage property insurance was held for Jugiong Vineyard or Yarraman Estate with Provident's interest noted on the relevant insurance policies and did not obtain evidence of renewal/current insurance cover annually.

Sub-particulars

The particulars at paragraph 10(u) above are repeated.

(iv) Provident failed to commence recovery/legal action once the Delta Dawn Loan remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

(v) Provident rolled over the Delta Dawn Loan and capitalised interest when the borrower was in default, including after expiry of the term without repayment by the borrower.

(vi) Provident failed to put in place loan agreements with Delta Dawn in respect of the Delta Dawn Loan at any time after 30 June 2006.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(vii) Provident failed to obtain from the loan manager at all times a valuation certification.

Sub-particulars

The particulars at paragraph 10(k) above are repeated.

(viii) Provident had failed to obtain from its solicitors to the effect that Provident would receive a good title as first registered mortgagee of Jugiong Vineyard or Yarraman Estate.

Sub-particulars

The particulars at paragraph 10(r) above are repeated.

E. Yarraman

(i) Provident failed to obtain a valuation of Yarraman Estate or Jugiong Vineyard at the time of entry into the Yarraman Loan.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(ii) Provident failed to obtain a new application form and updated valuations for each of the First, Second, Third and Fourth Yarraman Rollovers.

Sub-particulars

The particulars at paragraph 10(s) above are repeated.

(iii) Provident failed to ensure that mortgage property insurance was held for Jugiong Vineyard or Yarraman Estate with Provident's interest noted on the relevant insurance policies and did not obtain evidence of renewal/current insurance cover annually.

Sub-particulars

The particulars at paragraph 10(u) above are repeated.

(iv) Provident failed to commence recovery/legal action once the Yarraman Loan remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

(v) Provident rolled over the Yarraman Loan and capitalised interest when the borrower was in default, including after expiry of the term without repayment by the borrower.

(vi) Provident failed to put in place loan agreements with Yarraman in respect of the Yarraman Loan at any time after 31 December 2008.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(vii) Provident failed to obtain from the loan manager at all times a valuation certification.

Sub-particulars

The particulars at paragraph 10(k) above are repeated.

(viii) Provident had failed to obtain from its solicitors to the effect that Provident would receive a good title as first registered mortgagee of Jugiong Vineyard or Yarraman Estate.

Sub-particulars

The particulars at paragraph 10(r) above are repeated.

F. Empress

(i) Provident failed to obtain a written loan application form for the Empress Loan.

Sub-particulars

The particulars at paragraph 10(a) above are repeated.

(ii) Provident failed to obtain supporting documents to confirm income levels, expenditure and financial position of Empress.

Sub-particulars

The particulars at paragraph 10(b) above are repeated.

(iii) Provident failed to obtain a valuation of Kensington at the time of the Empress Loan and the Empress First and Second Additional Advances.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(iv) Provident failed to ensure that mortgage property insurance was held for Kensington with Provident's interest noted on the relevant insurance policies and did not obtain evidence of renewal/current insurance cover annually.

Sub-particulars

The particulars at paragraph 10(u) above are repeated.

(v) Provident failed to obtain any quantity surveyor reports for the Empress Loan or in respect of any progress claims.

Sub-particulars

The particulars at paragraph 10(h) above are repeated.

(vi) Provident made partial and progressive loan drawdowns without evidence of work completed.

Sub-particulars

The particulars at paragraph 10(p) above are repeated.

(vii) Provident failed to obtain a new application form for the Empress Rollover.

Sub-particulars

The particulars at paragraph 10(s) above are repeated.

(viii) Provident rolled over the Empress Loan and capitalised interest when the borrower was in default, including after expiry of the term without repayment by the borrower.

(ix) Provident failed to put in place loan agreements with Empress in respect of the Empress Loan between 23 February 2005 and 30 June 2005.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(x) Provident failed to obtain from the loan manager at all times a valuation certification.

Sub-particulars

The particulars at paragraph 10(k) above are repeated.

(xi) Provident had failed to obtain from its solicitors to the effect that Provident would receive a good title as first registered mortgagee of Kensington.

Sub-particulars

The particulars at paragraph 10(r) above are repeated.

G. MJ Server

(i) Provident failed to obtain a written loan application form for the MJ Server Loan.

Sub-particulars

The particulars at paragraph 10(a) above are repeated.

(ii) Provident failed to obtain supporting documents to confirm income levels, expenditure and financial position of MJ Server.

Sub-particulars

The particulars at paragraph 10(b) above are repeated.

(iii) Provident failed to obtain a written loan agreement from MJ Server before advancing the amount of the MJ Server Loan.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(iv) Provident failed to obtain a valuation of Kensington at the time of making the MJ Server First and Second Offers and at the time of entry into the MJ Server Loan.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(v) Provident failed to ensure that mortgage property insurance was held for Kensington with Provident's interest noted on the relevant insurance policies and did not obtain evidence of renewal/current insurance cover annually.

Sub-particulars

The particulars at paragraph 10(u) above are repeated.

(vi) Provident failed to commence recovery/legal action once the MJ Server Loan remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

(vii) Provident rolled over the MJ Server Loan and capitalised interest when the borrower was in default, including after expiry of the term without repayment by the borrower.

(viii) Provident failed to put in place loan agreements with MJ Server in respect of the MJ Server Loan between 27 October 2006 and 1 November 2006, and at any time after 27 October 2007.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(ix) Provident failed to obtain from the loan manager at all times a valuation certification.

Sub-particulars

The particulars at paragraph 10(k) above are repeated.

(x) Provident failed to obtain from its solicitors to the effect that Provident would receive a good title as first registered mortgagee of Kensington.

Sub-particulars

The particulars at paragraph 10(r) above are repeated.

H. Neo East

(i) Provident failed to obtain a valuation of Shore Street ~~Cleveland~~ at the time of entry into the Neo East Rollover and Neo East Second Rollover.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(ii) Provident failed to put in place loan agreements with Neo East in respect of the Neo East Loan ~~at any time after~~ between 17 December 2004 to 26 May 2005 and 1 July 2006 to 16 October 2006.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(iii) Provident failed to commence recovery/legal action once the Neo East Loan remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

(iv) Provident rolled over the Neo East Loan and capitalised interest when the borrower was in default, including after expiry of the term without repayment by the borrower.

(v) Provident had failed to obtain from its solicitors to the effect that Provident would receive a good title as first registered mortgagee of Cleveland.

Sub-particulars

The particulars at paragraph 10(r) above are repeated.

I. Cleveland

(i) Provident failed to obtain a written loan application form for the Cleveland Loan.

Sub-particulars

The particulars at paragraph 10(a) above are repeated.

(ii) Provident failed to obtain supporting documents to confirm income levels, expenditure and financial position of Cleveland.

Sub-particulars

The particulars at paragraph 10(b) above are repeated.

(iii) Provident failed to obtain a valuation of Shore Street at the time of entry into the Cleveland Loan.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(iv) Provident failed to obtain from the loan manager at all times a valuation certification.

Sub-particulars

The particulars at paragraph 10(k) above are repeated.

(v) Provident failed to obtain from its solicitors to the effect that Provident would receive a good title as first registered mortgagee of Shore Street.

Sub-particulars

The particulars at paragraph 10(r) above are repeated.

(vi) Provident failed to obtain a new application form and updated valuations for the First and Third Cleveland Rollovers and Additional Cleveland Advances.

Sub-particulars

The particulars at paragraph 10(s) above are repeated.

(vii) Provident failed to ensure that mortgage property insurance was held for Shore Street with Provident's interest noted on the relevant insurance policies and did not obtain evidence of renewal/current insurance cover annually.

Sub-particulars

The particulars at paragraph 10(u) above are repeated.

(viii) Provident failed to put in place loan agreements with Cleveland in respect of the Cleveland Loan between 31 December 2006 to 30 November 2007, 31 March 2008 to 9 July 2008 and 31 January 2009 to 28 September 2010.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(ix) Provident rolled over the Cleveland Loan and capitalised interest when the borrower was in default, including after expiry of the term without repayment by the borrower.

(x) Provident failed to commence recovery/legal action once the Cleveland Loan remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

J. Neo Lido

(i) Provident failed to obtain a written loan application form before making the Neo Ledo Loan and the Neo Lido Variation.

Sub-particulars

The particulars at paragraph 10(a) above are repeated.

(ii) Provident failed to obtain a valuation of Annie Street at the time of entry into the Neo Lido Loan.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(iii) Provident failed to obtain from its solicitors to the effect that Provident would receive a good title as first registered mortgagee of Annie Street.

Sub-particulars

The particulars at paragraph 10(r) above are repeated.

(iv) Provident failed to ensure that mortgage property insurance was held for Annie Street with Provident's interest noted on the relevant insurance policies and did not obtain evidence of renewal/current insurance cover annually.

Sub-particulars

The particulars at paragraph 10(u) above are repeated.

(v) Provident entered into the Neo Lido Loan and Neo Lido Variation despite knowing that the borrower had been placed into external administration (receiver and manager) on 8 June 2005.

(vi) Provident entered into the Neo Lido Loan and Neo Lido Variation despite knowing that the loan agreements had not been executed by, or with the consent of, the receiver and manager of the borrower.

(vii) Provident entered into the Neo Lido Loan and Neo Lido Variation despite knowing that there was a significant risk that the borrower was insolvent.

(viii) Provident entered into the Neo Lido Loan and Neo Lido Variation despite knowing that the borrower had on or about 15 June 2005 given undertakings to the Supreme Court of Queensland including to the effect that it would not (until further order) encumber any of its assets or borrow or raise money on the security of such assets.

K. Ovchinnikov

(i) Provident failed to obtain supporting documents to confirm income levels, expenditure and financial position of Ovchinnikov for the Ovchinnikov First, Second and Third Rollovers.

Sub-particulars

The particulars at paragraph 10(b) above are repeated.

(ii) Provident failed to obtain an updated valuation of Moree Hot Springs Health Resort for the Ovchinnikov First, Second and Third Rollovers.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(iii) Provident failed to ensure that mortgage property insurance was held for Moree Hot Springs Health Resort with Provident's interest noted on the relevant insurance policies and did not obtain evidence of renewal/current insurance cover annually.

Sub-particulars

The particulars at paragraph 10(u) above are repeated.

(iv) Provident failed to obtain any quantity surveyor reports for the Ovchinnikov Loan or in respect of any progress claims after around November 2001.

Sub-particulars

The particulars at paragraph 10(h) above are repeated.

(v) Provident made partial and progressive loan drawdowns without evidence of work completed.

Sub-particulars

The particulars at paragraph 10(p) above are repeated.

(vi) Provident rolled over the Ovchinnikov Loan and capitalised interest when the borrower was in default, including after expiry of the term without repayment by the borrower.

(vii) Provident failed to put in place loan agreements with Ovchinnikov in respect of the Ovchinnikov Loan at any time after 30 November 2004.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(viii) Provident failed to commence recovery/legal action once the Ovchinnikov Loan remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

L. MMT

(i) Provident failed to put in place loan agreements with MMT in respect of the MMT Loan at any time after 19 June 2005.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(ii) Provident failed to commence recovery/legal action once the MMT Loan remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

M. Silvera

(i) Provident failed to put in place loan agreements with Silvera ~~in respect of the Second Silvera Loan after 27 February~~ between 31 August 2004 ~~until~~ to 29 October 2004 and 28 February 2005 to 29 April 2005 and any time after 30 June 2005.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(ii) Provident failed to commence recovery/legal action once the Second Silvera Loan remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

(iii) Provident continued to make loan advances and capitalise interest under the Second Silvera Loan when the borrower was in default, after expiry of the term without repayment by the borrower.

(iv) Provident made loan advances under the Second Silvera Loan that exceeded the originally agreed loan amount.

(v) Provident made loan advances under the Third Sivera Loan that exceeded the originally agreed loan amount.

(vi) ~~Provident failed to commence recovery/legal action once the Third Silvera Loan remained in arrears for one month.~~

~~**Sub-particulars**~~

~~The particulars at paragraph 10(w) above are repeated.~~

N. AJV

(i) Provident continued to make loan advances and capitalise interest when the borrower was in default, after expiry of the term without repayment by the borrower.

(ii) Provident failed to put in place loan agreements with AJV in respect of the AJV Loan at any time after expiry of the loan term.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(iii) Provident failed to commence recovery/legal action once the AJV Loan remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

(iv) Provident made loan advances under the AJV Loan that exceeded the originally agreed loan amount.

(v) Provident continued to make loan advances under the AJV Loan after expiry of the loan term and after AJV was placed into administration.

(vi) Provident failed to obtain any quantity surveyor reports for the AJV Loan or in respect of any progress claims.

Sub-particulars

The particulars at paragraph 10(h) above are repeated.

(vii) Provident made partial and progressive loan drawdowns without evidence of work completed.

Sub-particulars

The particulars at paragraph 10(p) above are repeated.

O. Tembelli

(i) Provident failed to ensure that mortgage property insurance was held for Paddington with Provident's interest noted on the relevant insurance policies and did not obtain evidence of renewal/current insurance cover annually.

Sub-particulars

The particulars at paragraph 10(u) above are repeated.

(ii) Provident failed to obtain from its solicitors to the effect that Provident would receive a good title as first registered mortgagee of Paddington.

Sub-particulars

The particulars at paragraph 10(r) above are repeated.

(iii) Provident rolled over the Tembelli Loan and capitalised interest when the borrower was in default, including after expiry of the term without repayment by the borrower.

(iv) Provident failed to put in place loan agreements with Tembelli in respect of the Tembelli Loan at any time after 16 June 2005.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(v) Provident failed to obtain a new application form and updated valuation for the Tembelli Rollover.

Sub-particulars

The particulars at paragraph 10(s) above are repeated.

P. Grivas

(i) Provident failed to obtain a valuation of Glebe Point at the time of entry into Grivas Loan 275.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(ii) Provident had failed to obtain from its solicitors to the effect that Provident would receive a good title as first registered mortgagee of Glebe Point.

Sub-particulars

The particulars at paragraph 10(r) above are repeated.

(iii) Provident failed to obtain a written loan application form at the time of entry into Grivas Loan 453.

Sub-particulars

The particulars at paragraph 10(a) above are repeated.

(iv) Provident provided Grivas Loan 453 for an amount that exceeded 70% of the end value of the project "on completion" value.

Sub-particulars

The particulars at paragraph 10(d) above are repeated.

(v) Provident failed to obtain a valuation of Glebe Point at the time of the Grivas Loan 453 Rollover.

Sub-particulars

The particulars at paragraph 10(c) above are repeated.

(vi) Provident failed to put in place loan agreements with Grivas in respect of Grivas Loan 453 ~~at any time after~~ between 30 July 2005 to 13 October 2005, 31 January 2006 to 27 June 2007 and any time after 27 December 2007.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(vii) Provident rolled over Grivas Loan 453 and capitalised interest when the borrower was in default, including after expiry of the term without repayment by the borrower.

(viii) Provident failed to commence recovery/legal action once Grivas Loan 453 remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

(ix) Provident failed to obtain a written loan application form at the time of entry into Grivas Loan 317.

Sub-particulars

The particulars at paragraph 10(a) above are repeated.

(x) Provident provided Grivas Loan 317 to refinance Grivas Loan 453 when the borrower was in default.

(xi) Provident provided Grivas Loan 317 for an amount that exceeded 70% of the end value of the project "on completion" value.

Sub-particulars

The particulars at paragraph 10(d) above are repeated.

(xii) Provident failed to obtain a written loan application form at the time of entry into Grivas Loan 359.

Sub-particulars

The particulars at paragraph 10(a) above are repeated.

(xiii) ~~Provident failed to obtain a valuation of Glebe Point at the time of the entry into Grivas Loan 359.~~

~~**Sub-particulars**~~

~~The particulars at paragraph 10(c) above are repeated.~~

(xiv) Provident failed to commence recovery/legal action once Grivas Loan 317 remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

(xv) Provident provided Grivas Loan 359 to refinance Grivas Loan 317 when the borrower was in default.

(xvi) Provident failed to commence recovery/legal action once Grivas Loan 359 remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

(xvii) Provident should not have permitted the aggregate term of the Grivas Loans to exceed 2 years in duration.

Sub-particulars

The particulars at paragraph 10(e) above are repeated.

(xviii) Provident failed to obtain any quantity surveyor reports for any of the Grivas Loans or in respect of any progress claims.

Sub-particulars

The particulars at paragraph 10(h) above are repeated.

(xix) Provident made partial and progressive loan drawdowns without evidence of work completed.

Sub-particulars

The particulars at paragraph 10(p) above are repeated.

(xx) Provident failed to obtain from the borrower at all times supporting documents confirming income levels, expenditure and financial position (evidence of asset ownership).

Sub-particulars

The particulars at paragraph 10(b) above are repeated.

(xxi) Provident failed to obtain from the loan manager at all times a valuation certification.

Sub-particulars

The particulars at paragraph 10(k) above are repeated.

(xxii) Provident failed to obtain at all times evidence that mortgage property insurance had been obtained for Glebe Point and that such insurance had been renewed annually.

Sub-particulars

The particulars at paragraph 10(u) above are repeated.

(xxiii) Provident failed to monitor at all times the loan to ensure the monitoring of the loan to ascertain that adequate funds were available to meet the cost of the completion of the project/building.

Sub-particulars

The particulars at paragraph 10(q) above are repeated.

Q. Unique Castle

(i) Provident made loan advances under the Second Unique Castle Loan that exceeded the originally agreed loan amount.

(ii) Provident failed to put in place loan agreements with Unique Castle in respect of the Second Unique Castle Loan at any time after expiry of the loan term.

Sub-particulars

The particulars at paragraph 10(o) above are repeated.

(iii) Provident continued to make loan advances and capitalise interest when the borrower was in default, after expiry of the term without repayment by the borrower.

(iv) Provident failed to commence recovery/legal action once the Second Unique Castle Loan remained in arrears for one month.

Sub-particulars

The particulars at paragraph 10(w) above are repeated.

(c) by failing to establish and maintain adequate systems and management control processes to monitor and ensure Provident's compliance with the Trust Deed, the *Corporations Act* and the Procedures Manual.

Particulars

(i) There was no adequate system or management control process to ensure that the term of each construction and development loan did not exceed 2 years in duration.

(ii) There was no adequate system or management control process to ensure that new application forms, updated valuations and new letters of offer were obtained for each rollover.

(iii) There was no adequate system or management control process to ensure that quantity surveyor reports were obtained for each construction loan and each progress claim during the term of the construction loan.

(iv) There was no adequate system or management control process to ensure that partial/progressive loan drawdowns would only be effected against evidence of work completed.

(v) There was no adequate system or management control process to identify and monitor borrowers in default of their loan agreements.

(vi) There was no adequate system or management control process to ensure that recovery/legal action would be commenced once a loan account remained in arrears for one month.

(vii) There was no adequate system or management control process to ensure that loans were reviewed monthly and referred to the board of directors to write off as bad debts if appropriate.

(viii) There was no adequate system or management control process to ensure that once a decision was made to commence recovery process, Provident engaged a valuer to give it an up-to-date valuation of the property in the current market.

(ix) There was no, or at least no adequate, reporting to facilitate compliance monitoring for internal management, board supervision and external supervision (AET).

(x) Provident did not implement or follow a system or procedure of reviewing valuations:

(A) to ensure that the assumptions therein were appropriately made and/or accurate;

(B) to determine the currency of the valuations;

(C) to determine whether the valuations were carried out on a consistent basis;

(D) to determine whether the valuation methodology was appropriate;

(E) to determine whether the valuer had any conflict of interest in providing valuations to Provident (for instance by reason of having valued the property for the borrower);

(xi) Provident did not implement or follow a system or procedure for determining the holding costs, realisation costs and other costs associated with holding or selling securities with regard to non-performing loans and the effect of those costs on the LVR Limit Requirement, the Procedures Manual and the adequacy of provisioning for non-performing loans;

(xii) Provident did not implement or follow a system or procedure for ensuring that valuations assumed the value of the security on the basis of a mortgagee in possession or distressed sale as was likely to be the case in relation to non-performing loans;

(xiii) Provident had an inadequate system of internal control which resulted in a high degree of inadequate or incorrect valuations;

(xiv) Provident did not implement or follow a system or procedure for determining:

(A) whether the securities for a non-performing loan would be enforced, and if so how;

(B) how long it would take to enforce a security for a non-performing loan and the costs associated with any delays in realisation;

(C) the most appropriate recovery strategy in relation to non-performing loans;

(xv) Provident had an inadequate system of internal control for the prompt commencement of recovery action in relation to securities for non-

performing loans and there was no system for reporting and dealing with delays in recovery;

(xvi) There was no adequate system or management control process to ensure that all supporting documents confirming income levels, expenditure and financial position (evidence of asset ownership) had been obtained from the borrower.

(xvii) There was no adequate system or management control process to ensure that valuation certifications had been given by the loan manager.

(xviii) There was no adequate system or management control process to ensure that mortgage property insurance for all security properties had been obtained and that such insurance had been renewed annually.

(xix) There was no adequate system or management control process to ensure that a solicitor's certificate to the effect that Provident would receive a good title as the first registered mortgagee of the securities had been obtained.

(xx) There was no adequate system or management control process to ensure the monitoring of the loan to ascertain that adequate funds were available to meet the cost of the completion of the project/building.

(d) by failing to properly deal with, and report upon, past due loans.

Particulars

(i) Report of Clive Thomas Guthrie dated 29 September 2016 ('**Guthrie Report**'), paragraphs 138, 187 to 193, 263 to 269, 313 to 321 & 368 to 375

(ii) Report of Michael Potter dated 30 September 2016 ('**Potter Report**'), paragraphs 2.2.3, 4.37, 4.68, 4.69, 4.77, 4.78, 4.84, 4.85, 4.92, 4.101, 4.102, 4.106, 4.107, 4.108, 4.130 to 4.134, 4.140, 4.146 & 4.163.3.

Breaches of Solicitor's Certificate of Title Requirement

23. During the period from March 2000 until 29 June 2012, Provident breached the Solicitor's Certificate of Title Requirement permitting the first draw down on numerous finance facilities without having obtained a certificate from its solicitor to the effect that Provident would receive a good title as first registered mortgagee following

registration of the relevant documents then held or to be received at the time of draw down.

Particulars

(a) The particulars at paragraph 22(b) A(xiii), B(xix), D(viii), E(viii), F(xi), G(xv), H(v), I(v), J(iii), O(ii) and P(ii) are repeated.

Trustee's obligation to ensure compliance with Trust Deed and *Corporations Act*

24. In order to discharge its obligations to ensure that Provident complied with the Trust Deed and the *Corporations Act*, a trustee exercising reasonable diligence in the position of AET would have done, by its senior business manager, supervised subordinates or professional advisers, at least the following things:

(a) prior to, or at least soon after, its appointment as trustee:

(i) reviewed the terms of the Trust Deed to identify and understand the covenants, duties and restrictions imposed upon Provident in carrying on and conducting its business;

Particulars

Guthrie Report, paragraphs 28 & 29

(ii) reviewed any prospectus currently issued or proposed to be issued by Provident for the issuing of debentures under the Trust Deed to identify and understand any representations made to prospective debenture holders about how Provident intended to carry on and conduct its business;

Particulars

Guthrie Report, paragraphs 30 to 32

(iii) reviewed any Procedures Manual to identify and understand the procedures to be followed in the ongoing monitoring, enforcing and recovering of loans held by Provident;

Particulars

Guthrie Report, paragraphs 50 to 56

(iv) made enquiries about the directors and senior managers of Provident so as to be reasonably satisfied that they had appropriate experience and

qualifications to be able to ensure that the business of Provident was carried on and conducted in a proper and efficient manner;

Particulars

Guthrie Report, paragraphs 26, 27 & 33(c)

(v) attended the offices of Provident and made enquiries about the business operations of Provident so as to be reasonably satisfied about the existence of adequate systems, procedures and resources that would enable the business of Provident to be carried on and conducted in a proper and efficient manner, particularly in respect of:

(A) establishing and managing the finance facilities;

(B) risk management and compliance reporting;

(C) financial management, accounting and reporting;

(D) reporting to the trustee for debenture holders;

(E) core management functions;

Particulars

Guthrie Report, paragraphs 44 to 49

(vi) required Provident to provide particulars of past due loans and action being taken by Provident to recover those arrears ~~requested a report by Provident on its non-performing finance facilities, and reviewed that report~~;

Particulars

Guthrie Report, paragraph 33(h)

(vii) upon or after receipt of the Loan Arrears Report Dec 04, inspected the physical records and loan statements maintained by Provident in or about January or February 2005 in respect of:

(A) ~~at least the largest non-performing finance facility, which as at 31 December 2004 was~~ Burleigh Views; ~~or~~

(B) ~~if not the largest non-performing finance facility, then at least one of the two next largest non-performing finance facilities, which as at 31 December 2004 were Neo East and~~ Tahatos;

(C) Silvera ~~at least two conforming finance facilities~~; ~~and~~

(D) Chrysalis;

(E) Neo East;

(F) Ovchinnikov,

so as to find out whether ~~ascertain that~~ each such finance facility complied ~~in all material respects~~ with the requirements of the Trust Deed; and

Particulars

Guthrie Report, paragraphs 37 & 39

(viii) placed the finance facilities referred to in sub-paragraph (vii) above on a "watch list" and required Provident to provide progress reports (at least together with each quarterly s283F report) on the steps being taken to recover the arrears and to address the non-compliance with the LVR Limit and any other identified concerns or deficiencies;

Particulars

Guthrie Report, paragraphs 71(f), 77(i), 82(g), 87(f), 93(e) & 98(f)

(ix) required Provident to provide a copy of the most recent audited financial statements, and reviewed those financial statements;

Particulars

Guthrie Report, paragraphs 26, 35 & 36

(b) about 6 months after its appointment as trustee, and from time to time thereafter but at least every 12 months after its appointment as trustee, attended the offices of Provident and:

(i) made enquiries about the business operations of Provident so as to be reasonably satisfied that the systems, procedures and resources were adequate to enable Provident to carry on and conduct its business in a proper and efficient manner, particularly in respect of:

(A) management of the finance facilities;

(B) risk management and compliance reporting;

(C) financial management, accounting and reporting;

(D) reporting to the trustee for debenture holders;

(E) core management functions;

Particulars

Guthrie Report, paragraphs 44 to 49

~~(ii) inspected the physical records maintained by Provident in respect of:~~

~~(A) at least the largest non-performing finance facility; or~~

~~(B) if not the largest non-performing finance facility, then at least one of the two next largest non-performing finance facilities,~~

~~(C) at least two conforming finance facilities; and~~

~~so as to ascertain that the finance facility complied in all material respects with the requirements of the Trust Deed.~~

(c) ~~required Provident to provide to AET on a monthly basis in respect of the preceding month~~:

~~(i) details of each financial facility committed during the month and the facility securities taken for that security; and~~

~~(ii) particulars of mortgage arrears at the end of the month and action taken by Provident to recover those arrears.~~

~~(iii) required Provident to provide progress reports (at least together with each quarterly report) on the steps being taken to remedy any non-compliance or other concerns or deficiencies identified by the trustee in respect of any finance facility;~~

(d) upon receipt of each quarterly report by Provident:

(i) considered the information provided in the report, having regard to the matters referred to in s283BF(4) of the *Corporations Act*; and

(ii) exercised reasonable diligence to satisfy itself that the information provided was complete and accurate in all material respects.

Particulars

Guthrie Report, paragraph 17(e), 33(d), 71(e), 77(h), 87(e), 93(d) & 98(d)

(da) upon or after receipt of the Loan Arrears Report Apr 05 ~~Dec 04~~, inspected at Provident's offices the physical records and loan statements maintained by Provident in or about early July 2005 in respect of:

(i) Burleigh Views~~, because it was recorded as the largest loan that was in arrears~~; ~~and~~

(ii) Tahatos~~, because it was recorded as the second largest loan that was in arrears~~; ~~and~~

(iii) Neo East~~, because it was recorded as a substantial loan that was in arrears~~; ~~and/or~~

(iv) Ovchinnikov ~~Silvera, because it was recorded as a substantial loan that was in arrears~~; ~~and/or~~

~~(v) Chrysalis, because it was recorded as a substantial loan that was in arrears.~~

so as to find out whether each such finance facility complied with the requirements of the Trust Deed;

Particulars

Guthrie Report, paragraphs 106, 107, 115 & 116(a)

(db) upon or after receipt of the Past Due Loans Report Aug 05, inspected at Provident's offices the physical records and loan statements maintained by Provident in or about early December 2005 in respect of:

(i) Burleigh Views,

(ii) Tahatos;

(iii) Silvera;

(iv) Chrysalis;

(v) Neo East,

so as to find out whether each such finance facility complied with the requirements of the Trust Deed;

Particulars

Guthrie Report, paragraphs 155, 156, 162 & 163

(e) upon or after receipt of the Loan Arrears Report Feb 06, inspected at Provident's offices the physical records and loan statements maintained by Provident in about April 2006 in respect of:

(i) Burleigh Views~~, because it was recorded as the largest loan which had been in arrears for over 17 months~~; ~~and~~

(ii) MMT~~, because it was recorded as the second largest loan which had been in arrears for over 6 months and did not appear to satisfy the applicable LVR Criteria~~; ~~and~~

(iii) Neo East~~, because it was recorded as a substantial loan which had been in arrears for over 16 months and did not appear to satisfy the applicable LVR Criteria~~; ~~and~~

(iv) Grivas~~, because it was recorded as a substantial loan which had been in arrears for over 9 months and did not appear to satisfy the applicable LVR Criteria~~; ~~and~~

(v) Silvera~~, because it was recorded as a substantial loan which had been in arrears for almost 8 months~~;

(vi) Chrysalis~~, because it was recorded as a substantial loan which had been in arrears for almost 10 months~~;

(vii) Tembelli~~, because it was recorded as a substantial loan which had been in arrears for over 9 months~~;

(viii) Ovchinnikov~~, because it was recorded as a substantial loan which had been in arrears for almost 8 months~~;

(ix) AJV~~, because it was recorded as a substantial loan which had been in arrears for almost 6 months~~.

so as to find out whether each such finance facility complied with the requirements of the Trust Deed;

Particulars

Guthrie Report, paragraphs 202 to 208

(ea) upon or after receipt of the Loan Arrears Report for November 2006, inspected at Provident's offices the physical records and loan statements maintained by Provident in about December 2006 in respect of:

(i) Burleigh Views;

(ii) MMT;

(iii) Tembelli;

(iv) Grivas;

(v) Ovchinnikov, ,

so as to find out whether each such finance facility complied with the requirements of the Trust Deed;

Particulars

Guthrie Report, paragraphs 283 to 286

(eb) upon or after receipt of the Loan Arrears Report for November 2007, inspected at Provident's offices the physical records and loan statements maintained by Provident in or about early December 2007 in respect of:

(i) MMT;

(ii) Chrysalis;

(iii) MJ Server;

(iv) Tembelli;

(v) Ovchinnikov;

(vi) Unique Castle,

so as to find out whether each such finance facility complied with the requirements of the Trust Deed;

Particulars

Guthrie Report, paragraphs 331 to 334

(f) ~~upon receipt of each consecutive loan arrears report by Provident~~:

(i) ~~requested current information about the status of each of the loans referred to in sub-paragraphs 24 (da) and (e) above that had not been repaid and discharged; and~~

(ii) ~~inspected the physical records and loan statements maintained by Provident in respect of one or more of the other loans in arrears that had not yet been inspected.~~

(fa) placed each of the finance facilities referred to in sub-paragraphs (da), (db), (e), (ea) and (eb) above on a "watch list" and required Provident to provide progress reports (at least together with each quarterly s283F report) on the steps being taken to recover the arrears and to address the non-compliance with the LVR Limit and other identified concerns or deficiencies;

Particulars

Guthrie Report, paragraphs 122(d), 126(e), 132(h), 136(d), 169(d), 172(e), 174(e), 179(f), 185(g), 214(f), 220(f), 225(g), 230(e), 233(e), 239(g), 247(d), 254(d), 261(d), 293(e), 296(f), 302(f), 308(f), 312(f), 341(f), 346(f), 350(d), 355(e), 360(f) & 367(e)

(g) required Provident to provide the trustee with a copy of its most recent yearly and half-yearly financial statements, as and when available, and reviewed those financial statements.

Particulars

Guthrie Report, paragraphs 17(e), 35, 36, 152, 153, 280 & 330

AET's failure to exercise reasonable diligence in respect of finance facilities

25. If a trustee exercising reasonable diligence in the position of AET had done the things referred to in paragraph 24 above, it would have:

(a) by no later than in or about February 2005, ascertained all, or at least most, of the matters referred to in paragraphs 20, 21, 22 and 23 above that had occurred prior to that time in respect of:

(i) Burleigh Views; ~~and/or~~

(ii) Neo East; ~~and/or~~

(iii) Tahatos; ~~and/or~~

(iv) Silvera; ~~and/or~~

(v) Chrysalis; and

(vi) Ovchinnikov,

and also would have been concerned that:

(vii) Provident had not previously reported any of the foregoing matters that also comprised a breach of the Trust Deed; and/or

(viii) Provident had failed to adhere to prudent lending practices; and/or

(ix) investors had not been adequately informed about the nature and condition of the mortgage portfolio.

Particulars

Guthrie Report, paragraphs 66 to 101.

(aa) by no later than in or about July 2005, ascertained all, or at least most, of the matters referred to in paragraphs 20, 21, 22 and 23 above that had occurred prior to that time in respect of:

(i) Burleigh Views;

(ii) Neo East;

(iii) Tahatos; and

(iv) Ovchinnikov,

and also would have been concerned that:

(v) Provident had not previously reported any of the foregoing matters to the trustee; and

(vi) the outstanding amount of past due loans (Silvera, Chrysalis) that had been removed from loan arrears reports had not been repaid; and

(vii) the procedures set out in the Loans Manual had not been adhered to.

Particulars

Guthrie Report, paragraphs 119 to 139.

(ab) by no later than in or about December 2005, ascertained all, or at least most, of the matters referred to in paragraphs 20, 21, 22 and 23 above that had occurred prior to that time in respect of:

(i) Burleigh Views;

(ii) Neo East;

(iii) Tahatos;

(iv) Silvera; and

(v) Chrysalis,

and also would have been concerned that:

(vi) Provident had not previously reported any of the foregoing matters to the trustee; and

(vii) the outstanding amount of past due loans (Silvera, Chrysalis, Ovchinnikov) that had been removed from loan arrears reports had not been repaid, but had been refinanced (or permitted to continue) by Provident in circumstances where there was no evidence to be satisfied that the borrower would be able to service and repay the loan; and

(viii) the procedures set out in the Loans Manual had not been adhered to.

Particulars

Guthrie Report, paragraphs 166 to 194.

(b) by no later than in or about April 2006, ascertained all, or at least most, of the matters referred to in paragraphs 20, 21, 22 and 23 above that had occurred prior to that time in respect of:

(i) Burleigh Views; ~~and/or~~

(ii) MMT; ~~and/or~~

(iii) Neo East; ~~and/or~~

(iv) Grivas; ~~and/or~~

(v) Silvera; ~~and/or~~

(vi) Chrysalis; ~~and/or~~

(vii) Tembelli; ~~and/or~~

(viii) Ovchinnikov; and~~/or~~

(ix) AJV,

and also would have been concerned that:

(x) Provident had not previously reported any of the foregoing matters to the trustee; and

(xi) the outstanding amount of past due loans (Silvera, Chrysalis, Ovchinnikov; Tahatos) that had been removed from loan arrears reports had not been repaid, but had been refinanced (or permitted to continue) by Provident in circumstances where there was no evidence

to be satisfied that the borrower would be able to service and repay the loan and/or the loan exceeded the LVR Limit (Tahatos); and

(xii) the procedures set out in the Loans Manual had not been adhered to.

Particulars

Guthrie Report, paragraphs 211 to 270.

(c) in or about April 2006, ascertained that Provident had in the Loan Arrears Report Feb 06 falsely reported on significant items in respect of Burleigh Views to the effect that the development at Fleay Court was "complete", that the Burleigh Views loan had a "low LVR" and that there was an "expectation of sale soon";

Particulars

Guthrie Report, paragraph 211(d)

(ca) by no later than in or about December 2006, ascertained all, or at least most, of the matters referred to in paragraphs 20, 21, 22 and 23 above that had occurred prior to that time in respect of:

(i) Burleigh Views;

(ii) MMT;

(iii) Tembelli;

(iv) Grivas;

(v) Ovchinnikov;

(vi) Neo East;

(vii) Silvera;

(viii) Chrysalis;

(ix) Tahatos; and

(x) AJV,

and also would have been concerned that:

(xi) Provident had not previously reported any of the foregoing matters to the trustee; and

(xii) the loan arrears reports provided by Provident were incomplete, inaccurate and could not be relied upon; and

(xiii) the procedures set out in the Loans Manual had not been adhered to.

Particulars

Guthrie Report, paragraphs 279, 290 to 322.

(d) ~~thereafter in or about the time that each loan arrears report was received, but in all events~~ by no later than about ~~30 June 2007, or alternatively about 31~~ December 2007, ascertained all, or at least most, of the matters referred to in paragraphs 20 and 22 above that had occurred prior to that time in respect of~~:~~ ~~all, or at least many, of the other finance facilities referred to in sub-paragraphs 15 (b) to (q) above;~~

(i) MMT;

(ii) Chrysalis;

(iii) MJ Server;

(iv) Tembelli;

(v) Ovchinnikov;

(vi) Unique Castle;

(vii) Burleigh Views;

(viii) Silvera;

(ix) AJV;

(x) Tahatos; and

(xi) Grivas,

and also would have been concerned that:

(xii) Provident had not previously reported any of the foregoing matters to the trustee; and

(xiii) the procedures set out in the Loans Manual had not been adhered to.

Particulars

Guthrie Report, paragraphs 337 to 376.

(e) ~~further and alternatively~~:

~~(i) in or about November 2005,~~

~~and thereafter:~~

~~(ii) in or about the time that each quarterly report was received;~~

~~(iii) from time to time but at least every 12 months,~~

~~but in all events:~~

~~(iv) by no later than about 30 June 2007, or alternatively about 31 December 2007,~~

~~ascertained all, or at least most, of the matters referred to in paragraphs 20 and 22 above that had occurred prior to that time in respect of all, or at least many, of the finance facilities referred to in sub-paragraphs 15(b) to (q) above~~.

26. From 19 November 2004 until 8 June 2012, AET failed to do the things and did not make any, or at least any adequate, enquiries of the kind referred to in paragraph 24 above and therefore did not, at any time prior to 31 December 2007, ascertain any of the matters referred to in paragraph 25 above.

AET's contraventions of s283DA(b)(ii) of the *Corporations Act*

27. By reason of the matters referred to in paragraph 26 above, AET contravened s 283DA(b)(ii) of the *Corporations Act* in that it failed to exercise reasonable diligence to ascertain whether Provident had committed breaches of:

(a) the LVR Criteria Requirement, as pleaded at paragraph 20 above;

(b) the Use of Debenture Funds Requirement, as pleaded at paragraph 21 above;

(c) the Business Conduct Requirement and the provisions of s 283BB (a) of the *Corporations Act*, as pleaded at paragraph 22 above;

(d) the Solicitor's Certificate on Title Requirement, as pleaded at paragraph 23 above.

Loss or Damage

28. In the premises, if AET had exercised reasonable diligence as required by s 283DA(b)(ii) of the *Corporations Act*, it would have ascertained:

(a) by no later than about February 2005;

(b) if not then, by no later than about July 2005;

(c) if not then, by no later than about December 2005;

(d) if not then, by no later than about April 2006;

(e) if not then, by no later than about December 2006;

(f) if not then, by no later than about December 2007, ("**applicable dates**")

~~that Provident had committed~~ all, or at least many, of the ~~breaches~~ matters referred to in sub-paragraphs 27(a) to 27(d) above that had occurred prior to that date.

Particulars

Guthrie Report, paragraphs 35 to 100, 105 to 139, 152 to 194, 202 to 270, 278 to 322, & 330 to 376.

28A. In or about February 2005, upon ascertaining all, or at least many, of the matters referred to in paragraph 25(a) above that had occurred prior to that date, a trustee exercising reasonable diligence would have required Provident to have adequately remedied any such deficiencies in a timely way and to have reported accordingly to the trustee.

Particulars

Guthrie Report, paragraph 102.

28B. From and including about July 2005, upon ascertaining all, or at least many, of the matters referred to in paragraph 25 above that had occurred prior to each of the applicable dates, a trustee exercising reasonable diligence would have appointed an investigator to inquire into, and report upon, at least the following matters:

(a) whether the concerns that had been identified by the trustee were justified;

(b) whether there were any similar or additional concerns about:

(i) any other defaulting loans;

(ii) the 10 largest loans (including any defaulting loans);

(iii) 3 or 4 smaller performing loans (randomly selected);

and, if so, the nature and factual basis of those concerns;

(c) whether there were any other matters that may materially prejudice the interests of note holders;

(d) any other matter considered to be relevant.

Particulars

Guthrie Report, paragraphs 140, 142, 195, 197, 271, 273, 323, 325, 377 & 379.

28C. Upon investigation into the matters referred to in paragraph 28B above, a competent and diligent investigator would have reported to the trustee, to the effect that:

(a) there was more than likely a material deficiency in assets available to repay debenture holders;

(b) the lending practices of Provident were such that there were many loans where the funds advanced together with accumulated interest exceeded the initial LVR limits, which had contributed to the finding as to the deficiency in assets and as such the loan portfolio would be considered high risk and some of the loan practices questionable;

(c) there was a concern as to whether the maximum LVR limits under the Trust Deed had been exceeded where there was a practice of refinancing loans that exceeded the maximum LVR threshold;

(d) established loan principal limits for many loans had been reported as being exceeded;

(e) there were identified instances where the same borrowers frequently appeared, disappeared, and then reappeared on Loan Arrears Reports issued in subsequent months in circumstances which had the effect, in substance, of understating the true percentage of loans that were reported to the trustee as being 'Past due', and at risk of less than full recovery;

(f) in circumstances of the likely material deficiency in assets, questionable lending practices and the 'in substance' under reporting of problem loans, the

trustee should consider and if deemed necessary, seek legal advice as to what further actions should be implemented as a matter of urgency, including:

(i) the prevention of further raising of funds via debentures;

(ii) the disclosure of the likely deficiency of assets in documents provided to potential debenture investors such as prospectuses;

(iii) the appointment of a receiver.

Particulars

Potter Report, paragraph 4.163.

28D. A trustee exercising reasonable diligence would have, within about 28 days after receiving an investigator's report of the kind referred to in paragraph 28C above, would have sought and obtained legal advice about whether, having regard to the matters identified in the investigator's report, Provident had failed to comply with the provisions of the Trust Deed and Chapter 2L of the *Corporations Act*.

Particulars

Guthrie Report, paragraphs 143(a), 198(a), 274(a), 326(a) and 380(a).

28E. Based upon the matters referred to in the investigator's report, a competent lawyer with relevant experience would have advised the trustee that all, or at least many, of those matters did comprise or evidence failures by Provident to comply with the provisions of the Trust Deed and Chapter 2L of the *Corporations Act*.

29. ~~Upon ascertaining all, or at least many, of the matters referred to in paragraph 28 above~~ Within about 7 days after obtaining the legal advice referred to in paragraph 28E above, a trustee exercising reasonable diligence in the position of AET would have served on Provident a notice specifying such breaches and requiring Provident to remedy such breaches as were reasonably capable of remedy within 21 days.

Particulars

(a) Trust Deed, clause 11.1.2; and

(b) *Corporations Act*, s.283DA (c)(ii)

(c) Guthrie Report, paragraphs 143(b), 198(b), 274(b), 326(b) and 380(b)

~~30. A trustee exercising reasonable diligence in the position of AET, after requiring Provident to remedy such breaches, would have ascertained whether those breaches had been remedied by Provident.~~

31. ~~If~~ In the premises, a trustee exercising reasonable diligence in the position of AET would have ~~had~~ ascertained that Provident had committed breaches that were not reasonably capable of remedy and had failed to remedy such breaches as were reasonably capable of remedy, and that such breaches had:

(a) resulted, or were likely to result, in the protective buffer intended to be maintained by compliance with the LVR limits being materially diminished or otherwise compromised;

(b) resulted, or were likely to result, in a higher level of loans in arrears or default that would otherwise reasonably have been expected;

(c) demonstrated that Provident was not carrying on and conducting its business in a proper and efficient manner;

(d) demonstrated that the financial condition of Provident was unsatisfactory, especially as it did not have, and was not likely to have, the ability to repay the amount of the debentures as and when the debentures became due;

(e) demonstrated a systemic and sustained pattern of material breaches by Provident of the provisions of the Trust Deed and/or Chapter 2L of the *Corporations Act*;

(f) otherwise materially prejudiced the interests of debenture holders.

31A. Having regard to the matters referred to in paragraph 31 above, a trustee exercising reasonable diligence in the position of AET ~~it~~ would have within about 7 days after the expiry of the 21 day notice period:

(a) taken action to enforce the Charge either by itself or by the appointment of a receiver to the property of Provident; or

Particulars

Trust Deed clause 11.1.2

(b) applied to the Court for an order that any security for the debentures be enforceable immediately;

Particulars

Corporations Act, s.283HB(1)(c)

(c) applied to the Court for an order appointing a receiver to the property of Provident constituting security for the debentures~~.~~;

Particulars

Corporations Act, s.283HB(1)(d)

(d) withdrawn its consent to be named in the current prospectus and required that it be withdrawn from the market; and

(e) notified ASIC of its concerns.

Particulars

Guthrie Report, paragraphs 144 to 146, 199 to 201, 275 to 277, 327 to 329 & 381 to 383.

32. If AET had:

(a) required Provident to remedy all existing breaches, as pleaded in paragraph 29 above; and

(b) ascertained that such breaches had been remedied by Provident, as pleaded in paragraph 30 above;

or further and alternatively:

(c) appointed a receiver to the property of Provident, as pleaded in paragraph 31(a) above;

(d) applied to the Court for an order that any security for the debentures be enforceable immediately, as pleaded in paragraph 31(b) above;

(e) applied to the Court for an order appointing a receiver to the property of Provident constituting security for the debentures, as pleaded in paragraph 31(c) above;

(f) withdrawn its consent to be named in the current prospectus and required that it be withdrawn from the market, as pleaded in paragraph 31(d) above,

then the debenture holders would not have suffered any, or at least not so much, loss of their debenture moneys.

Particulars

(i) If Provident had remedied all breaches referred to in paragraph 28 above, then the amount of each loan of debenture moneys would have been repaid or recovered in full.

(ii) If Provident had been placed into receivership ~~or wound up~~ as pleaded in paragraph 32 (c) above, then the amount ~~of each loan of debenture moneys~~ that would have been ~~repaid or recovered in full.~~ available to be distributed to debenture holders was:

(1) as at 30 June 2005, between 75 to 84 cents in the dollar;

(2) as at 31 December 2005, between 80 to 86 cents in the dollar;

(3) as at 30 June 2006, between 79 to 86 cents in the dollar;

(4) as at 31 December 2006, between 76 to 83 cents in the dollar;

(5) as at 30 June 2007, between 73 to 82 cents in the dollar;

(6) at at 31 December 2007, between 68 to 77 cents in the dollar,

with the rate of return for periods between those dates being within, or an average of the dates either side.

Sub-particulars

Potter Report, paragraphs 2.4-2.11 and section 10.

~~(iii) At all material times up to and including 31 December 2007 the value of the assets of Provident that would have been realised by a receiver and manager would have exceeded all of Provident's liabilities, including the amount of the debenture moneys.~~

(iv) Group Members who were issued debentures after the date a receiver and manager would have been appointed to Provident as pleaded in paragraph 31A above, ~~31(a) above~~ or after the trustee had withdrawn its consent to be named in the current prospectus and required that it be withdrawn from the market, as pleaded in paragraph 31(d) above, would not have acquired those debentures.

33. Prior to 8 June 2012, AET did not do any of the things referred to in paragraph 32 above.

Receivers and Managers appointed

34. In December 2011, the Australian Securities and Investments Commission (ASIC) raised concerns about Provident's financial affairs and its disclosures in documents that it had issued to the public for the purposes of raising funds.

Particulars

(a) Meeting between representatives of ASIC, Provident and AET held on or about 20 December 2011.

(b) Letter from ASIC to Provident dated 22 December 2011.

35. On 8 June 2012, AET commenced proceedings in this Court seeking orders under s 283HB(1) of the *Corporations Act* to make the Charge immediately enforceable and to appoint receivers to Provident.

36. On 29 June 2012, the Court ordered that a receiver be appointed to Provident.

37. On 3 July 2012, Messrs Marcus Ayres, Anthony Sims and Philip Carter of PPB (NSW) (subsequently varied to Messrs Marcus Ayres and Christopher Clarke) were appointed as joint and several receivers of Provident, and on 10 July 2012 as joint and several receivers and managers of Provident ("**Receivers and Managers**").

38. Since their appointment, the Receivers and Managers have set about realising the assets of Provident, and have given an estimate that the likely return to debenture holders will be about 12 cents of every dollar invested.

Particulars

Receivers and Managers' 'Update to debenture holders as at 30 September 2015' dated 16 April 2015, page 3.

39. By reason of AET's contraventions of s 283DA(b)(ii) of the *Corporations Act*, the Group Members and each of them have suffered loss and damage.

Particulars

(a) The particulars at paragraph 32 above are repeated.

(b) ~~If a receiver and manager had been appointed to Provident as pleaded in paragraph 31(a) above, then the amount of each loan of debenture moneys would have been repaid or recovered in full.~~

(c) The assets of Provident were subsequently realised for an amount significantly less than the amount they should have been realised if AET had done the things referred to in paragraph 32 above.

(d) From the realisation of the assets of Provident each Group Member has, as at 30 September 2015, received 8 cents in the dollar of the value of their debentures.

(e) Group Members who held debentures as at the date a receiver and manager would have been appointed to Provident as pleaded in paragraph 31(a) above suffered loss of the difference in the ~~return~~ distributions that would have been available to Group Members as set out in paragraph ~~(b)~~(ii) of ~~these~~ the particulars to paragraph 32 above and the actual ~~return~~ distributions made to Group Members referred to in paragraph (d) of these particulars.

(f) Group Members who were issued debentures after the date a receiver and manager would have been appointed to Provident as pleaded in paragraph 31(a) above suffered the loss of the difference between the issue price ($1 for each debenture) and the actual ~~return~~ distributions made available to Group Members as set out in paragraph (d) of these particulars.

(g) ~~Each Group Member has, as at 30 September 2015, lost between 88 and 92 cents in the dollar of the value of their debentures depending upon the amount of any future distributions.~~

40. The Plaintiffs seek an order under s 283F(1)(a) of the *Corporations Act* that AET pay compensation to the Group Members and each of them for the loss or damage suffered by each of them by reason of its contraventions of s 283DA(b)(ii) of the *Corporations Act*.

SIGNATURE OF LEGAL REPRESENTATIVE

I certify under section 347 of the Legal Profession Act 2004 that there are reasonable grounds for believing on the basis of provable facts and a reasonably arguable view of the law that the claim for damages in these proceedings has reasonable prospects of success.

I have advised the plaintiffs that court fees may be payable during these proceedings. These fees may include a hearing allocation fee.

Signature	
Capacity	Solicitor for the Plaintiffs
Date of signature	30 January 2017

NOTICE TO DEFENDANT

If you do not file a defence within 28 days of being served with this statement of claim:

- **You will be in default in these proceedings.**
- **The court may enter judgment against you without any further notice to you.**

The judgment may be for the relief claimed in the statement of claim and for the plaintiff's costs of bringing these proceedings. The court may provide third parties with details of any default judgment entered against you.

HOW TO RESPOND

Please read this statement of claim very carefully. If you have any trouble understanding it or require assistance on how to respond to the claim you should get legal advice as soon as possible.

You can get further information about what you need to do to respond to the claim from:

- A legal practitioner.
- LawAccess NSW on 1300 888 529 or at www.lawaccess.nsw.gov.au.
- The court registry for limited procedural information.

You can respond in one of the following ways:

1 **If you intend to dispute the claim or part of the claim,** by filing a defence and/or making a cross-claim.

2 **If money is claimed, and you believe you owe the money claimed,** by:

- Paying the plaintiff all of the money and interest claimed. If you file a notice of payment under UCPR 6.17 further proceedings against you will be stayed unless the court otherwise orders.
- Filing an acknowledgement of the claim.
- Applying to the court for further time to pay the claim.

3 **If money is claimed, and you believe you owe part of the money claimed**, by:

- Paying the plaintiff that part of the money that is claimed.
- Filing a defence in relation to the part that you do not believe is owed.

Court forms are available on the UCPR website at www.lawlink.nsw.gov.au/ucpr or at any NSW court registry.

REGISTRY ADDRESS

Street address	Supreme Court of New South Wales, Law Courts Building, 184 Phillip Street, Sydney NSW 2000
Postal address	GPO Box 3 SYDNEY NSW 2000
Telephone	(02) 9230 8111

AFFIDAVIT VERIFYING

Name	**JOHN SMITH**
Address	233/2 Saliena Avenue, Lake Munmorah NSW 2259
Occupation	Retired

Date 22ND JANUARY 2017

I say on oath:

1 I am the first named Plaintiff.

2 I believe that the allegations of fact in the Second Further Amended Statement of Claim are true.

SWORN at LAKE MUNMORAH

Signature of deponent

Name of witness

Address of witness

Capacity of witness

CRAIG MORTON PEARCE
Justice of the Peace
In and for the State of New South Wales Australia
Craig M. Pearce
21/103 Majors Bay Rd CONCORD NSW 2137
Australia
Registration No: 143240

And as a witness, I certify the following matters concerning the person who made this affidavit (the **deponent**):

1 I saw the face of the deponent.

2 I have confirmed the deponent's identity using the following identification document:

DRIVER LICENCE

Identification document relied on (may be original or certified copy) †

Signature of witness

Note: The deponent and witness must sign each page of the affidavit. See UCPR 35.7B.

AFFIDAVIT VERIFYING

Name	**ROSEMARY SMITH**
Address	233/2 Saliena Avenue, Lake Munmorah NSW 2259
Occupation	Retired

Date 22 ND JANUARY 2017

I say on oath:

1 I am the second named Plaintiff.

2 I believe that the allegations of fact in the Second Further Amended Statement of Claim are true.

SWORN at LAKE MUNMORAH

Signature of deponent R. A. Smith

Name of witness CRAIG MORTON PEARCE

Address of witness Justice of the Peace
In and for the State of New South Wales Australia
Craig M. Pearce
21/103 Majors Bay Rd CONCORD NSW 2137
Australia
Registration No: 143240

Capacity of witness

And as a witness, I certify the following matters concerning the person who made this affidavit (**the deponent**):

1 I saw the face of the deponent.

2 I have confirmed the deponent's identity using the following identification document:

DRIVER LICENCE

Identification document relied on (may be original or certified copy) †

Signature of witness

Note: The deponent and witness must sign each page of the affidavit. See UCPR 35.7B.

PARTY DETAILS

PARTIES TO THE PROCEEDINGS

Plaintiffs	**Defendant**
JOHN SMITH and ROSEMARY SMITH	**AUSTRALIAN EXECUTOR TRUSTEES LIMITED, ACN 007 869 794**

FURTHER DETAILS ABOUT PLAINTIFFS

Name	**JOHN SMITH and ROSEMARY SMITH**
Address	233/2 Saliena Avenue, Lake Munmorah NSW 2259

Legal representative for plaintiffs

Name	Douglas Raftesath
Practising certificate number	24760
Firm	Meridian Lawyers
Contact solicitor	Douglas Raftesath
Address	6/20 Bond Street Sydney NSW 2000
Telephone	(02) 9018 9978
Fax	(02) 9018 9900
Email	draftesath@meridianlawyers.com.au
Electronic service address	draftesath@meridianlawyers.com.au

DETAILS ABOUT DEFENDANT

Name	**AUSTRALIAN EXECUTOR TRUSTEES LIMITED, ACN 007 869 794**
Address	Level 22, 207 Kent Street Sydney NSW 2000