

23 May 2013

Manager Company Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

Keybridge Capital Limited - (ASX: KBC)

Please find attached PR Finance Group Limited Scheme Booklet prepared and sent by PR Finance Group to their shareholders. This document is being provided for information purposes only.

Yours faithfully,



Adrian Martin
Company Secretary
Keybridge Capital Limited
Tel: 61 2 9321 9001



PR FINANCE GROUP LIMITED™

Scheme Booklet

PR Finance Group Limited

ACN 109 299 390

For the acquisition by Keybridge Capital Limited ACN 088 267 190 (**Keybridge**) of 100% of the Shares in PR Finance Group Limited ACN 109 299 390 (**PRF**).

For the scheme of arrangement between PRF and the PRF Shareholders.

The notice of the Scheme Meeting is set out in Annexure E to this Scheme Booklet.

The Directors recommend that, in the absence of a Superior Proposal, PRF Shareholders vote in favour of the Scheme. The Directors intend to vote in favour of the Scheme for the PRF Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal. The Independent Expert has concluded that the Scheme is not fair but reasonable and is in the best interests of the PRF Shareholders.

Your vote is important in determining whether the Scheme proceeds.

This is an important document and requires your immediate attention. It should be read in its entirety. If you are not sure what to do, you should consult your investment or other professional adviser.

Legal Adviser

McCullough Robertson Lawyers

Lawyers | **McCullough
Robertson**

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Key dates for PRF Shareholders

Event	Date*
Last date and time to lodge proxies for Scheme Meeting	12 June 2013 at 8.30am
Date and time for deciding eligibility to vote at Scheme Meeting	12 June 2013 at 7.00pm
Scheme Meeting (Scheme Shareholders)	14 June 2013 at 8.30am
Second Court Date	18 June 2013 at 10.15am
Effective Date for the Scheme	18 June 2013
Record Date (PRF Shareholders on the register at 5.00pm on this date will be entitled to the Scheme Consideration)	25 June 2013
Implementation Date**	28 June 2013
Payment of the Scheme Consideration***	28 June 2013
Trading of Keybridge Shares commences	3 July 2013

* All dates following the Scheme Meeting are indicative only and are subject to change.

** On the Implementation Date, Keybridge will pay an amount equal to the aggregate cash component of the Initial Scheme Consideration that is payable to all Scheme Shareholders to the Scheme Consideration Trust Account for PRF to hold as trustee for the Scheme Shareholders.

*** The Keybridge Shares will be transferred to PRF Shareholders on the Implementation Date and the cash component of the Initial Scheme Consideration will be paid by PRF to each Scheme Shareholder from the Scheme Consideration Trust Account on the Implementation Date.

All times referred to in this Scheme Booklet are Queensland times unless stated otherwise.

Important notices

This Scheme Booklet

This Scheme Booklet is the explanatory statement required to be given to PRF Shareholders under subsection 411(1) of the Corporations Act. You should read this Scheme Booklet in its entirety before deciding how to vote on the resolution to be considered at the Scheme Meeting. This Scheme Booklet does not take into account the individual investment objectives, financial situation and particular needs of each PRF Shareholder. You should seek independent legal, financial, taxation, or other professional advice before making a decision as to whether or not to vote in favour of the Scheme.

Responsibility for information

The PRF Information has been provided by, and is the responsibility of, PRF. Neither Keybridge nor PRF's advisers assume any responsibility for the accuracy or completeness of the PRF Information.

The Keybridge Information has been provided by, and is the responsibility of, Keybridge (other than sections 1.7, 4 and 7 which are the joint responsibility of PRF and Keybridge). Save as aforesaid, neither PRF nor its advisers assume any responsibility for the accuracy or completeness of the Keybridge Information.

The Independent Expert has prepared the Independent Expert's Report in Annexure A. None of PRF, Keybridge or their advisers assumes any responsibility for the accuracy or completeness of the Independent Expert's Report. However, PRF has given factual information that the Independent Expert has relied on in preparing the Independent Expert's Report and the accuracy and completeness of that information is the responsibility of PRF.

ASIC involvement

A copy of this Scheme Booklet has been given to ASIC under subsection 411(2) of the Corporations Act and registered by ASIC for the purpose of section 412(6) of the Corporations Act. ASIC has examined a copy of this Scheme Booklet. PRF has requested that ASIC give a statement in accordance with section 411(17)(b) of the

Corporations Act confirming that ASIC has no objection to the Scheme. If ASIC gives that statement, it will be produced at the Second Court Hearing. Neither ASIC nor any of its officers take any responsibility for the contents of this Scheme Booklet.

Important Notice associated with Court order under section 411(1) of the Corporations Act

At the First Court Hearing on 13 May 2013, the Court ordered PRF to convene the Scheme Meeting to consider and vote on the Scheme. The notice convening the Scheme Meeting is set out in Annexure E of this Scheme Booklet. The fact that the Court has ordered that the Scheme Meeting be convened is no indication that the Court:

- (a) has formed a view as to the merits of the proposed Scheme or as to how the Scheme Shareholders should vote (on this matter the Scheme Shareholders must reach their own decision); or
- (b) has prepared, or is responsible for, the content of this Scheme Booklet, which forms the explanatory statement attached to the Notice of Scheme Meeting.

The Court's order for the convening of the Scheme Meeting is not an endorsement by the Court of the Scheme. On these matters the PRF Shareholders must reach their own decision.

Disclosure about forward looking statements

Certain statements in this Scheme Booklet relate to the future. Those statements may not be based on historical facts. They may reflect the current expectations of PRF or, for the Keybridge Information, Keybridge (and PRF in respect of sections 1.7, 4 and 7), about future events or results. Those statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual events or results to differ materially from the statements. Deviations as to future conduct, results, performance and achievements are both normal and expected. None of PRF nor Keybridge, their respective directors, officers or advisers, or any other person gives any representation, assurance or guarantee that the events or outcomes

expressed or implied in any forward looking statement in this document will actually occur. You are cautioned against relying on any such statements.

You should carefully review the information in this Scheme Booklet. Section 2 sets out reasons to vote in favour and reasons not to vote in favour of the Scheme.

All subsequent written and oral forward looking statements attributable to PRF or Keybridge or any person acting on their behalf are qualified by this cautionary statement.

The forward looking statements included in this Scheme Booklet are made at the date of this Scheme Booklet. Subject to any continuing obligations under the ASX listing rules (if applicable) or the Corporations Act, PRF and Keybridge do not give any undertaking to update or revise any such statements after the date of this Scheme Booklet to reflect any change in expectations in relation to such statements or any change in events, conditions or circumstances on which any such statement is based.

Foreign shareholders

This Scheme Booklet and the Scheme are subject to Australian disclosure requirements which may be different from those applicable in other jurisdictions. This Scheme Booklet and the Scheme do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Privacy and personal information

PRF will need to collect personal information in connection with the Scheme. The personal

information may include the names, contact details, details of shareholdings of PRF Shareholders and contact details of persons appointed by PRF Shareholders as proxies, corporate representatives or attorneys at the Scheme Meetings. The collection of some of this information is required or authorised by the Corporations Act. PRF Shareholders who are individuals, and other individuals whose personal information is collected, have rights to access the personal information collected about them and can contact PRF by calling Ken Wise on (07) 5585 4177 if they wish to exercise those rights.

The information may be disclosed to print and mail service providers, and to Keybridge, its related entities and their advisers in connection with the Scheme. If this information is not collected, PRF may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme. PRF Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should inform that individual of these information matters.

Defined Terms

Capitalised terms used in this Scheme Booklet are defined in the Glossary of defined terms in section 12 of this Scheme Booklet.

Date

This Scheme Booklet is dated 14 May 2013.

Queries

If you have any questions or require any further information, you can call Ken Wise (PRF Company Secretary) on (07) 5585 4177 (9:00 am to 5:00 pm on weekdays) or email at kenw@prfinance.com.au.

Letter from the Chairman of PRF

14 May 2013

Dear PRF Shareholder

Background information

PR Finance Group Limited (**PRF**) and its Subsidiaries' (**PRF Group**) businesses experienced rapid growth in the period from 2005 to early 2008. This growth required significant capital funding. Following the aborted initial public offering in early 2007 this additional capital funding came predominantly from debt sources with a peak total debt facility in early 2008 of approximately \$78 million. During 2008 the Global Financial Crisis (**GFC**) PRF's primary lender, Commonwealth Bank of Australia Limited (**CBA**) required PRF to enter into a debt reduction arrangement including the establishment of a \$40 million limit on the facility. This resulted in a significant debt reduction program during 2009 and 2010 as well as an increased cost of finance. In addition PRF's secondary lender, Keybridge Capital Limited (**Keybridge**), has also required the facility provided by it and others pursuant to a syndicated facility agreement dated 29 June 2007 (as amended) (**Keybridge Facility**) to be repaid and there was some limited reduction of this debt facility during 2011 and 2012. Keybridge has also significantly increased its cost of funding. PRF has been under pressure to repay the Keybridge Facility and currently has no certainty of ongoing funding from either CBA or Keybridge.

Having regard to its capital constraints, the PRF directors engaged Deloitte Corporate Finance Pty Limited (**Deloitte**) to explore the funding options available for PRF (including the raising of debt and/or equity to refinance Keybridge) and a sale of all or part of the PRF Group. As part of that process Deloitte approached 98 parties in the North America, Europe, Asia and Australia. Whilst initial interest was received from 13 parties, ultimately only two offers were received and only one offer was progressed past term sheet stage. The offer (from Marubeni Corporation (**Marubeni**) a multi-national group based in Japan) was in respect of the acquisition of the motor vehicle division of PRF (**MVD**), comprising the Motor Finance Wizard and Affordable Car Centre businesses. On 4 September 2012, PRF signed a Heads of Agreement for the sale of MVD to Marubeni (**Marubeni Sale**).

The Keybridge Facility was extended in September 2012 until 31 December 2012 with a further automatic extension to 28 February 2013 which was conditional upon reaching certain milestones in the process for the Marubeni Sale. The automatic extension conditions were met as at 31 December 2012 and the termination date under the Keybridge Facility was extended to 28 February 2013.

As notified to PRF Shareholders on 5 February 2013, the proposed sale to Marubeni was not submitted to Marubeni's investment committee and the proposed PRF Shareholder meeting to approve the Marubeni Sale was cancelled.

On 20 February 2013, the CBA notified PRF that PRF was in breach of its loan to value and cash cover ratios under its senior loan facility and reserved its rights to take further action. These breaches also placed PRF into default under the Keybridge Facility.

On 28 February 2013, the termination date under the Keybridge Facility was further extended to 7 March 2013. On 1 March 2013, acting in accordance with instructions from CBA, PRF failed to make its monthly interest payment to Keybridge.

Against the background of these events of default and looming Keybridge Facility termination date, Keybridge approached PRF with a proposal to acquire 100% of PRF under a scheme of arrangement and agreed to extend the termination date for the Keybridge Facility to 21 March, and subsequently, 26 March 2013.

Negotiations in respect of the commercial terms of the proposed scheme of arrangement broke down and on 26 March 2013 PRF was notified that no further extension would be granted by Keybridge. Further discussions ensued and a further extension of the termination date under the Keybridge Facility was eventually granted to 7 April 2013. On 30 March 2013 the parties agreed final terms in respect of the proposed acquisition by Keybridge of 100% of PRF under a scheme of arrangement (**Proposal**) and the parties signed an Implementation Agreement to give effect to the Proposal.

Proposal

If the Scheme is implemented, Keybridge will acquire 100% of the PRF Shares on issue in PRF on 25 June 2013 (**Record Date**) for the following consideration:

- (a) \$1.35 million cash payable by Keybridge for the benefit of Scheme Shareholders on the Implementation Date;
- (b) \$150,000 cash payable by Keybridge to PRF in order for PRF to pay Deloitte in respect of the Deloitte Fee;
- (c) a number of Keybridge Shares that is the lesser of:
 - (i) 2,500,000 Keybridge Shares; and
 - (ii) Keybridge Shares with an Initial Keybridge Share Market Value of \$500,000, issued on the Implementation Date.

In the event PRF or Keybridge enters into an agreement to sell all (or substantially all) of the share capital of PRF or its Subsidiaries (or a significant number of its Subsidiaries) or all or a significant portion of the assets or business of the PRF Group or any other transaction which has a similar effect to specified parties within 12 months from the Implementation Date for an amount greater than the aggregate of A\$52,000,000 plus the amount of interest which has accrued and remains unpaid until that time on the Keybridge Facility (**Subsequent Control Transaction**), an additional \$1 million in cash or Keybridge Shares (at the election of Keybridge) is to be paid or issued (as applicable) to Scheme Participants (**Subsequent Control Transaction Consideration Amount**). If payable, such consideration is to be paid or issued (as applicable) within 120 days of the completion of the Subsequent Control Transaction (**Subsequent Control Transaction Consideration Date**).

There is significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it is dependent upon the successful completion of a subsequent transaction with an independent third party. As such the Independent Expert has not attributed any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report.

Scheme consideration for PRF Shareholders

If the Scheme is completed, each PRF Shareholder holding PRF Shares on the Record Date (**Scheme Shareholders**) will receive on the Implementation Date an amount of consideration (**Initial Scheme Consideration**) comprising:

- (a) 78.40 cents cash for every 100 PRF Shares held by the Scheme Shareholder at the Record Date (this is based on the cash component of \$1.5 million paid by Keybridge less a fee of \$150,000 payable to Deloitte (Deloitte Fee)); and
- (b) if the Initial Keybridge Share Market Value is:
 - (i) 20 cents or less, 1.452 Keybridge Shares for every 100 PRF Shares held by the Scheme Shareholder at the Record Date; and
 - (ii) greater than 20 cents, the number of Keybridge Shares that is equal to the amount of 29.04 cents (based on an Initial Keybridge Share Market Value) per 100 PRF Shares held by the Scheme Shareholder at the Record Date.

If a Subsequent Control Transaction is entered into within 12 months from the Implementation Date each Scheme Shareholder will receive on the Subsequent Control Transaction Consideration Date a further amount of cash or a number of Keybridge Shares (at the election of Keybridge), that is equal to 58.08 cents (based on the Subsequent Keybridge Share Market Value for any Keybridge Shares issued) for every 100 PRF Shares held on the Record Date.

As noted above, there is significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it is dependent upon the successful completion of a subsequent transaction with an independent third party and the Independent Expert has not attributed any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report.

Other information in respect of the Scheme

The Scheme is subject to a number of conditions precedent, including regulatory, Court, PRF Shareholder and CBA approval. Further details of the Proposal, the calculations of the Scheme Consideration and the conditions precedent are set out in section 9.2 of this Scheme Booklet.

Keybridge is an ASX listed company that has invested in, or lent to, transactions backed by real assets, financial assets or cash flow. Its major asset classes are aviation, lending, property, private equity and infrastructure.

The Keybridge Shares received by PRF Shareholders under the Scheme will not be subject to any escrow restrictions and will rank equally with existing Keybridge Shares on issue.

The enclosed Scheme is provided for your consideration.

Alternative proposals

PRF is subject to exclusivity arrangements under the Implementation Agreement, however was permitted to continue discussions with a number of specified parties prior to 10 May 2013 (**Negotiation Period**). Following the expiry of the Negotiation Period, PRF is restricted from dealing with any third parties unless the Directors determine such proposal to be or may reasonably be expected to lead to a Superior Proposal and such action is required to satisfy the Directors' fiduciary or statutory duties. Further details about PRF's exclusivity arrangements are set out in section 9.5 of the Scheme Booklet.

During the Negotiation Period, negotiations with Marubeni recommenced and a revised proposal for the Marubeni Sale was submitted to Marubeni's investment committee (with the support of PRF) on 11 April 2013.

As at the date of this letter Marubeni has not submitted a proposal to PRF which is capable of acceptance although the PRF board remains open to such a proposal. An explanation of the broad commercial terms

of the revised Marubeni proposal is set out in the Independent Expert's Report Addendum set out in Annexure F.

PRF has also received a proposal from another third party acquirer for the acquisition of the Motor Finance Wizard car leasing business and dealerships (excluding the Affordable Car Centre and AMX businesses). At the date of this letter the proposal is subject to further discussion around key commercial terms, is highly conditional, is not in a form that is capable of acceptance and is not considered to be a Superior Proposal to the Scheme.

The Independent Expert has considered the alternative proposals in the Independent Expert's Report Addendum, but considers that they do not impact on the Independent Expert's opinion on the proposed Scheme, set out in the Independent Expert's Report in Annexure A of this Scheme Booklet, on the basis that they are not legally binding and are not currently open for acceptance by PRF.

PRF will keep PRF Shareholders apprised of any developments in relation to these proposals, and as has been previously communicated to PRF Shareholders, it is likely any transaction with Marubeni or any other party, will be subject to PRF Shareholder approval under the sale of main undertaking provision in PRF's constitution. In the event an offer is received that the Directors determine to be a Superior Proposal to the Scheme, further information about the transaction, and its impact on the proposed Scheme, will be communicated to PRF Shareholders.

If the Scheme is implemented, and an agreement on similar terms as the current alternative proposals is entered into by Keybridge or PRF within 12 months of implementation of the Scheme it would qualify as a 'Subsequent Control Transaction' (defined and explained further above).

PRF Group financial performance

The consolidated financial statements of PRF have been prepared on a going concern basis and the Directors have noted in PRF's 2012 financial report that PRF's ability to continue to operate as a going concern is dependent upon PRF's ability to satisfy conditions imposed by its financiers or extend its finance facilities.

Further, PRF has been advised by its external auditor that the final audit opinion in respect of the financial report for the year ending 30 June 2012 is likely to be a qualified opinion and will include an emphasis of matter in relation to PRF's ability to continue to operate as a going concern.

Directors' unanimous recommendation

The Directors unanimously recommend that the Scheme Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Scheme for the PRF Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal.

The interests of Directors (including the partial extinguishment of loans owing to Peter Llewellyn and Rod James and their ongoing involvement with PRF) are set out in section 11.1 of this Scheme Booklet.

In considering their response to the Proposal, the Directors have carefully considered PRF's future growth opportunities, its challenges and risks (including its current default situation with financiers), its extensive search for alternative financiers, and the uncertainties of delivering value to PRF Shareholders superior to the Scheme Consideration. The Directors received advice from McCullough Robertson Lawyers and appointed an independent expert, BDO Corporate Finance (QLD) Ltd (**Independent Expert**), to consider the Proposal. The Independent Expert has determined that:

- (a) the value of the Scheme Consideration is between \$0.0102 and \$0.0107 per PRF Share; and
- (b) the value of a PRF Share is between \$0.0248 and \$0.0919 per PRF Share.

Therefore, according to the Independent Expert, the value of the Scheme Consideration offered for each PRF Share is less than the market value of a PRF Share (although, as required by ASIC guidance, the Independent Expert did not adjust its valuation of PRF Shares to take account of the current financial distress of PRF and the valuation assumes that PRF is able to rely on the continued support of its senior and mezzanine financiers).

Further, after considering the advantages, disadvantages and other considerations summarised in the Independent Expert's Report, the Independent Expert concluded that **the Scheme is not fair but reasonable and is in the best interests of PRF Shareholders. A copy of the full report of the Independent Expert is set out as Annexure A.**

The Independent Expert has also considered the alternative proposals (discussed above) in the Independent Expert's Report Addendum set out in Annexure F, but considers that they do not impact on the Independent Expert's conclusion in the Independent Expert's Report in Annexure A of this Scheme Booklet, on the basis that they are not legally binding and are not currently open for acceptance by PRF.

Based on the conclusion of the Independent Expert and the other matters set out in section 2.1, the Directors recommend that PRF Shareholders vote in favour of the Scheme. The Directors intend to vote in favour of the Scheme for the PRF Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal.

The interests of Directors (including the partial extinguishment of loans owing to Peter Llewellyn and Rod James and their ongoing involvement with PRF) are set out in section 11.1 of this Scheme Booklet.

The Scheme, if implemented, will allow PRF Shareholders to realise part of their investment in PRF in cash and part of their investment in Keybridge Shares. This will give PRF Shareholders the opportunity to become part of an ASX listed corporate group and will provide PRF Shareholders with a greater opportunity for value realisation for their shareholding due to the greater liquidity of Keybridge Shares, as well as an opportunity to choose to continue to hold Keybridge Shares to take advantage of any future increase in value of the underlying business of PRF.

While the Directors recommend that you vote in favour of the Scheme and the Independent Expert considers the Scheme is not fair but reasonable and is in the best interests of PRF Shareholders, PRF Shareholders are not obliged to follow the Directors' recommendation or agree with the Independent Expert's conclusions. Factors that may lead you to vote against the Scheme include interests of PRF Shareholders, likelihood of a Superior Proposal, PRF's future growth in earnings, PRF's ongoing yield and the fact you may not wish to hold Keybridge Shares.

The Directors believe the reasons to support the Proposal outweigh the reasons not to support the Proposal. Therefore, the Directors recommend that you vote in favour of the resolution to be considered at the Scheme Meetings, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Scheme for the PRF Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal.

Information about the steps necessary to implement the Scheme is set out in section 3.

Action you should take

This Scheme Booklet gives details of the Scheme, the Independent Expert's Report, reasons for voting in favour of or against the Scheme and information on how to vote. Please read the Scheme Booklet in full before making your decision about the Scheme.

I encourage you to vote by attending the Scheme Meeting or, if you are unable to attend, by completing and returning the relevant proxy form accompanying this Scheme Booklet.

If you are not sure what to do, you should consult your investment or other professional adviser.

If you have any questions or require any further information, you can call Ken Wise (PRF Company Secretary) on (07) 5585 4177 (9:00 am to 5:00 pm on weekdays) or email at kenw@prfinance.com.au.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Llewellyn', with a stylized, cursive script.

Peter Llewellyn
Chairman
PR Finance Group Limited

Overview of proposal

The Proposal	Keybridge will acquire 100% of the shares in PRF on issue at the Record Date under a scheme of arrangement in consideration for the issue of the Scheme Consideration.
Scheme Meeting	A Scheme Meeting will be held for the PRF Shareholders to approve the Scheme at 8.30am on 14 June 2013 at PRF's offices.
Scheme Consideration	<p>If the Scheme is approved, Scheme Shareholders will receive the Initial Scheme Consideration on the Implementation Date.</p> <p>If a Subsequent Control Transaction is entered into within 12 months from the Implementation Date, Scheme Shareholders will receive the Subsequent Control Transaction Consideration Amount on the Subsequent Control Transaction Consideration Date.</p> <p>There is significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it is dependent upon the successful completion of a subsequent transaction with an independent third party. As such the Independent Expert has not attributed any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report.</p>
Directors' recommendation	<p>The Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Scheme for the PRF Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal.</p> <p>The interests of Directors (including the partial extinguishment of loans owing to Peter Llewellyn and Rod James and their ongoing involvement with PRF) are set out in section 11.1 of this Scheme Booklet.</p>
Independent Expert's conclusion	<p>The Independent Expert has concluded that the Scheme is not fair but reasonable and is in the best interests of PRF Shareholders.</p> <p>The Independent Expert's Report is included in Annexure A and the Independent Expert's Report Addendum considering the alternative proposals is set out in Annexure F.</p>

Why have the Directors recommended the Proposal?

You should read this Scheme Booklet in full before deciding how to vote. Section 2 of this Scheme Booklet contains a more detailed assessment of the matters which the Directors consider are important.

The Directors unanimously recommend that PRF Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Scheme for the PRF Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal.

The interests of Directors (including the partial extinguishment of loans owing to Peter Llewellyn and Rod James and their ongoing involvement with PRF) are set out in section 11.1 of this Scheme Booklet.

Reasons for the recommendation

- 1 The Scheme, if implemented, results in PRF Shareholders:
 - (a) receiving a cash payment (partially realising the value of their illiquid PRF Shares); and
 - (b) holding Keybridge Shares with potential for shareholder value realisation in respect of the balance of the value of their PRF Shares due to the greater liquidity of Keybridge Shares, as well as an opportunity to continue to take advantage of any increase in value of the underlying business of PRF (albeit at a diluted level).
- 2 The Independent Expert has concluded that the Scheme is not fair but reasonable and is in the best interests of PRF Shareholders.
- 3 Despite significant attempts to sell PRF by presenting the opportunity to a wide range of potential purchasers, at the date of this Scheme Booklet, the Board has not received a Superior Proposal.
- 4 If the Scheme does not proceed, and no Superior Proposal emerges, PRF Shareholders may be subject to the risk of a receiver being appointed by one of PRF's financiers or a voluntary administrator being appointed by the Directors.
- 5 If the Scheme does not proceed, and no Superior Proposal emerges, PRF Shareholders will be subject to the specific risks associated with PRF's business.
- 6 As a holder of Keybridge Shares you will have the same rights as all other Keybridge shareholders and you will hold an investment in an ASX listed company which has a more diversified portfolio of assets than PRF.
- 7 You may receive further consideration if a Subsequent Control Transaction is entered into within 12 months of the Implementation Date (although you should note that there is significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it is dependent upon the successful completion of a subsequent transaction with an independent third party. As such the Independent Expert has not attributed any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report).

Reasons not to support the Proposal

- 1 You may believe that the Scheme is not in the best interests of PRF Shareholders.
- 2 You may consider that notwithstanding the subsisting events of default under PRF's finance facilities that PRF's financiers will not exercise their rights under these facilities and that PRF's

earnings will continue to grow after the date of this Scheme Booklet, and that growth may support a PRF Share value in excess of the Scheme Consideration.

- 3 You may consider that a Superior Proposal will be made prior to PRF's financiers exercising their respective rights under PRF's finance facilities and that you will benefit more from this than you would as a result of the potential payment of the Subsequent Control Transaction Consideration.
- 4 You may decide you do not wish to hold shares in Keybridge due to the risks associated with the Post Scheme Keybridge Group and the fact that you will hold a minority holding in Keybridge.
- 5 The value of Keybridge shares is uncertain and may differ materially to the current market price of Keybridge.
- 6 Keybridge Shares may be considered to have limited liquidity.
- 7 You may consider that there are better alternatives open to PRF than the Proposal, such as an equity capital raising, renegotiation of PRF's debt facilities, or a refinance of PRF's debt facilities.
- 8 There is significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it is dependent upon the successful completion of a subsequent transaction with an independent third party. As such the Independent Expert has not attributed any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report.

The Directors believe that given the position of PRF with its financiers and the absence of a Superior Proposal the reasons to support the Proposal outweigh the reasons not to support the Proposal. Therefore, the Directors recommend that you vote in favour of the resolution to be considered at the Scheme Meeting, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Scheme for the PRF Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal.

If you have any questions or require any further information, you can call Ken Wise (PRF Company Secretary) on (07) 5585 4177 (9:00 am to 5:00 pm on weekdays) or email at kenw@prfinance.com.au.

Answers to key questions

<p>What will I receive if the Scheme is implemented?</p>	<p>You will be entitled to the Initial Scheme Consideration on the Implementation Date.</p> <p>If a Subsequent Control Transaction is entered into within 12 months from the Implementation Date, the Subsequent Control Transaction Consideration Amount will be payable or issued (as applicable) to Scheme Shareholders on the Subsequent Control Transaction Consideration Date.</p> <p>There is significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it is dependent upon the successful completion of a subsequent transaction with an independent third party and the Independent Expert has not attributed any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report.</p> <p>The Independent Expert has valued the Scheme Consideration in the range between \$0.0102 and \$0.0107 per PRF Share.</p>
<p>What is the Initial Scheme Consideration?</p>	<p>The Initial Scheme Consideration is comprised of both a cash and share component as follows:</p> <ul style="list-style-type: none"> (a) 78.40 cents cash for every 100 PRF Shares you hold on the Record Date; and (b) if the Initial Keybridge Share Market Value is: <ul style="list-style-type: none"> (i) 20 cents or less, 1.452 Keybridge Shares for every 100 PRF Shares held by the Scheme Shareholder at the Record Date; or (ii) greater than 20 cents, the number of Keybridge Shares that is equal to the amount of 29.04 cents (based on an Initial Keybridge Share Market Value) per 100 PRF Shares held by the Scheme Shareholder at the Record Date. <p>Keybridge will pay the cash component of the Initial Scheme Consideration to PRF as trustee for each PRF Shareholder and will issue and allot the Keybridge Share component of the Initial Scheme Consideration to PRF Shareholders on the Implementation Date, if the Scheme is implemented. Scheme Shareholders will receive your cash component from PRF on the Implementation Date. Further details about the calculation of the Initial Scheme Consideration are set out in section 1.3 of this Scheme Booklet.</p>
<p>What percentage of Keybridge's share capital does the aggregate scrip component of the Initial Scheme Consideration represent?</p>	<p>If the Initial Keybridge Market Share Value is 20 cents or less (which it is at the date of this Scheme Booklet), the 2.5 million Keybridge Shares issued to Scheme Shareholders as part of the Initial Scheme Consideration will represent approximately 1.5% of the total issued share capital in Keybridge.</p>
<p>What is the Subsequent Control Transaction Consideration Amount?</p>	<p>If payable, the Subsequent Control Transaction Consideration Amount will be an amount of cash or a number of Keybridge Shares (at the election of Keybridge), that is equal to a 58.08 cents (based on a Subsequent Keybridge Share Market Value for any Keybridge Share issued) for every 100 PRF Shares you (as a Scheme Shareholder) hold on the Record Date.</p> <p>Keybridge will determine whether the Subsequent Control Transaction Consideration Amount will be paid in cash or Keybridge Shares. Further</p>

	<p>details about the calculation of the Subsequent Control Transaction Consideration Amount are set out in section 1.3 of this Scheme Booklet.</p> <p>There is significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it is dependent upon the successful completion of a subsequent transaction with an independent third party and the Independent Expert has not attributed any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report.</p>
<p>When is the Subsequent Control Transaction Consideration Amount payable?</p>	<p>The payment of the Subsequent Control Transaction Consideration Amount is conditional on the completion of the Subsequent Control Transaction within 12 months from the Implementation Date and will be payable or issued (as applicable) to Scheme Shareholders on the Subsequent Control Transaction Consideration Date.</p> <p>There is significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it is dependent upon the successful completion of a subsequent transaction with an independent third party. As such the Independent Expert has not attributed any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report.</p>
<p>When will I receive my Keybridge Shares?</p>	<p>If the Scheme is implemented, the Keybridge Shares to be issued as part of the Initial Scheme Consideration will be transferred to Scheme Shareholders on the Implementation Date, which PRF expects will be 28 June 2013. Trading in these Keybridge Shares is expected to commence on 3 July 2013.</p> <p>If the Subsequent Control Transaction is completed, the Keybridge Shares to be issued as part of the Subsequent Control Transaction Consideration Amount will be transferred to Scheme Shareholders on the Subsequent Control Transaction Consideration Date.</p>
<p>When will I receive the cash component of the Scheme Consideration?</p>	<p>If the Scheme is implemented, Keybridge will pay the aggregate cash component of the Initial Scheme Consideration to an account operated by PRF as the trustee for all Scheme Shareholders (Scheme Consideration Trust Account) on or before 10.00am the Implementation Date.</p> <p>PRF will hold all money in the Scheme Consideration Trust Account on trust for Scheme Shareholders. Fees of \$150,000 will be deducted by PRF from the funds to be paid to Deloitte, before paying the relevant amount calculated under section 1.3 of this Scheme Booklet to each Scheme Shareholder from the account on the Implementation Date.</p> <p>Any interest accruing on the amounts deposited by Keybridge into the Scheme Consideration Trust Account (less any bank fees and other charges) and any surplus funds remaining after the payment of all Initial Scheme Consideration to Scheme Shareholders will be returned to Keybridge.</p> <p>Similarly, if Keybridge elects to pay all or any part of the Subsequent Control Transaction Consideration Amount (if payable) in cash, the aggregate amount of the cash payable will be deposited by Keybridge into the Scheme Consideration Trust Account to be held on trust for and paid by PRF to, the Scheme Shareholders, in the same manner.</p>
<p>Will I be eligible to receive Keybridge dividends?</p>	<p>As a holder of Keybridge Shares you will be entitled to participate in dividends and other distributions on the same basis as all other holders of Keybridge Shares and in respect of the Keybridge Shares issued to you:</p> <p>(a) as part of the Initial Scheme Consideration, any dividends declared</p>

	<p>after the Implementation Date; and</p> <p>(b) as part of the Subsequent Control Transaction Consideration Amount (if payable), any dividends declared after the Subsequent Control Transaction Consideration Date.</p>
When can I sell my Keybridge Shares?	<p>If the Scheme becomes Effective, the Keybridge Shares to be issued under the Initial Scheme Consideration will be transferred to you on the Implementation Date. Trading in these Keybridge Shares is expected to commence on 3 July 2013. You are free to dispose of these Keybridge Shares received by you as a result of the Scheme in accordance with Keybridge's constitution.</p> <p>Trading in any Keybridge Shares that may be issued to you under the Subsequent Control Transaction Consideration Amount (if payable) will commence on a date after the Subsequent Control Transaction Consideration Date.</p> <p>Keybridge Shares are likely to have greater liquidity than PRF Shares.</p>
Are there any conditions required to be satisfied before the Scheme is implemented?	<p>There are a number of conditions precedent to the implementation of the Scheme. These are set out in section 9.2 of this Scheme Booklet.</p>
What are the tax consequences of the Scheme?	<p>Details of the general tax consequences of the Scheme are set out in section 8. You should seek your own professional advice in respect of your individual tax issues.</p>
What do the Directors recommend?	<p>The Directors recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Scheme for the PRF Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal.</p> <p>The interests of Directors (including the partial extinguishment of loans owing to Peter Llewellyn and Rod James and their ongoing involvement with PRF) are set out in section 11.1 of this Scheme Booklet.</p>
What did the Independent Expert conclude?	<p>The Independent Expert concluded that the Scheme is not fair but reasonable and is in the best interests of PRF Shareholders.</p> <p>This means the Independent Expert has determined that the Scheme Consideration is not equal to or greater than the value of the PRF Shares (although, as required by ASIC guidance, the Independent Expert did not adjust its valuation of the PRF Shares to take account of the actual financial position of PRF), however it is the Independent Expert's view that there are sufficient reasons for PRF Shareholders to vote in favour of the Scheme in the absence of a Superior Proposal.</p> <p>The Independent Expert's Report is set out as Annexure A and the Independent Expert's Report Addendum considering the alternative proposals is set out in Annexure F.</p>
Who is entitled to vote at the Scheme Meeting?	<p>All PRF Shareholders on the share register at 7.00pm on 12 June 2013 will be entitled to vote as one class at the Scheme Meeting.</p>
What voting majority is required to approve the Scheme?	<p>The Scheme must be approved at the Scheme Meeting by:</p> <p>(a) a majority in number (i.e. more than 50%) of PRF Shareholders who are present and voting at the Scheme Meeting (in person or by proxy); and</p> <p>(b) persons who hold at least 75% of the votes that are cast at the Scheme Meeting.</p>

Should I vote?	<p>You do not have to vote, however, if you do not vote, it may be possible that the requisite majority of PRF Shareholders required to approve the Scheme at the Scheme Meeting may not be achieved and the Scheme will not proceed.</p> <p>Further, the Directors believe that the Scheme is an opportunity for PRF to become part of a listed group with opportunities and potential for shareholder value realisation as well as an opportunity to continue to take advantage of any increase in value of the underlying business of PRF. The Directors recommend that you read this Scheme Booklet carefully and vote in favour of the Scheme, in the absence of a Superior Proposal.</p> <p>See the 'How to Vote' section on page 21 for details on how to vote in person and by proxy.</p>
Why should I vote in favour of the Scheme?	<p>The Directors recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Scheme for the PRF Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal.</p> <p>The Independent Expert has concluded that the Scheme is not fair but reasonable and is in the best interests of PRF Shareholders.</p> <p>Other reasons why you may vote in favour of the Scheme are set out in section 2.1 of this Scheme Booklet.</p>
Why might I vote against the Scheme?	<p>You may believe that the Scheme is not in the best interests of the PRF Shareholders. Also, you may not wish to become a shareholder of Keybridge.</p> <p>Other reasons why you may vote against the Scheme are set out in section 2.2 of this Scheme Booklet.</p>
What happens if I vote against the Scheme?	<p>Just because you vote against the Scheme does not mean that the Scheme will not be implemented. If the Scheme is approved by the requisite majority of PRF Shareholders at the Scheme Meeting and the Scheme is approved by the Court, your PRF Shares will be transferred to Keybridge even though you have voted against the Scheme and you will receive the Scheme Consideration for the PRF Shares that you hold at the Record Date.</p>
What happens if I do not vote on the Scheme?	<p>Even if you do not vote, if the Scheme is approved by the requisite majority of PRF Shareholders at the Scheme Meeting and the Scheme is approved by the Court, your PRF Shares will be transferred to Keybridge and you will receive the Scheme Consideration for the PRF Shares that you hold at the Record Date.</p>
What happens if the Scheme is not implemented?	<p>You will retain your PRF Shares and you will not receive the Scheme Consideration.</p> <p>If the Scheme is not implemented, and no Superior Proposal emerges, there is a risk that one of PRF's financiers may exercise its rights under the relevant finance documentation.</p> <p>More information about the implications for PRF if the Scheme is not implemented is set out in section 2.4.</p>
Who is Keybridge?	<p>Keybridge Capital Limited is a company that has invested in, or lent to, transactions backed by real assets, financial assets or cash flow in the asset classes of property, aviation, lending, private equity and infrastructure. It is listed on the ASX under the code 'KBC'.</p>
What plans does Keybridge have for PRF	<p>Following the implementation of the Scheme, Keybridge intends to maintain current business operations and substantially retain existing</p>

<p>once the Scheme is implemented?</p>	<p>management and employees, with the exception of the Directors who will be replaced with directors nominated by Keybridge.</p> <p>Following the implementation of the Scheme, Peter Llewellyn and Rod James will each be engaged as independent contractors by Keybridge on an annual contractor fee of A\$400,000 payable weekly on a pro-rata basis (reduced from their current annual salary of A\$710,000).</p> <p>For details in relation to the Post Scheme Keybridge Group please see section 7.</p>
<p>Can I sell my PRF Shares now?</p>	<p>In order to sell your PRF Shares you must first follow the processes set out in the Constitution. These processes are summarised in section 5.8.</p> <p>If you do transfer your PRF Shares and you cease to be the registered holder before the Record Date, you will not be entitled to the Scheme Consideration.</p>
<p>Who can help answer my questions?</p>	<p>If you have any questions or require any further information, you can call Ken Wise (PRF Company Secretary) on (07) 5585 4177 (9:00 am to 5:00 pm on weekdays) or email at kwise@prfinance.com.au.</p>

How to Vote

Scheme Meeting

The Scheme Meeting relating to the Proposal will be held at 8.30am on 14 June 2013 at PRF's offices at Suite 10, 10 Cloyne Road, Southport, Queensland 4215.

All parties who are registered as PRF Shareholders on 12 June 2013 at 7.00pm will be eligible and entitled to vote at the Scheme Meeting.

Majority required to pass the resolution

The resolution at the Scheme Meeting must be passed by:

- (a) a majority in number of PRF Shareholders, present and voting (in person or by proxy, attorney or corporate representative); and
- (b) at least 75% of the votes cast at the Scheme Meeting.

If all other Conditions Precedent have been satisfied or waived, the Court will then be asked to approve the Scheme.

What should you do?

- (a) Read this Scheme Booklet carefully.
- (b) If you have any questions or require any further information, you can call Ken Wise (PRF Company Secretary) on (07) 5585 4177 (9:00 am to 5:00 pm on weekdays) or email at kenw@prfinance.com.au.
- (c) Exercise your right to vote in person or by completing the proxy form. The Directors believe the Scheme is a matter of importance for all PRF Shareholders and therefore urge you to vote.

Voting in person

If you intend to vote in person (including by attorney or corporate representative), you should arrive at the venue by 8.00am on 14 June 2013 so that your shareholding may be checked against the register and your attendance noted. Attorneys should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

To vote in person, a corporation may appoint an individual to act as its representative. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of their appointment, including the authority under which it is signed.

Voting by proxy

Proxy forms accompany this Scheme Booklet. You may appoint a proxy. The proxy need not be a PRF Shareholder. You or your attorney must sign the proxy forms. If you are a corporation, the proxy form must be signed by two directors or by a director and a secretary or, for a proprietary company that has a sole director who is also the sole secretary, by that director, or by its attorney or duly authorised officer. Otherwise, the relevant authority (e.g. in the case of proxy forms signed by an attorney, the power of attorney) must either have been exhibited previously to PRF or be enclosed with the proxy form.

The duly signed proxy form and the original or a certified copy of any relevant authority (if not exhibited previously to PRF) must be received by PRF no later than 8.30am Queensland time on 12 June 2013. Your proxy form will not be valid unless it is actually received by PRF before that time and date.

You must return your proxy form to PRF by emailing it (in unalterable form e.g. PDF file format), posting it in the reply paid envelope provided (for use in Australia) or by delivering or faxing your proxy form to:

Post or deliver to:	Ken Wise (PRF Company Secretary) PR Finance Group Limited PO Box 3100 SOUTHPORT QLD 4215
Fax to:	(07) 5585 4113
Email to:	kenw@prfinance.com.au
Date that proxy forms must be received by:	12 June 2013 at 8.30am

Scheme of Arrangement

1 Key features of the Scheme

1.1 Overview

Keybridge proposes to acquire 100% of all the PRF Shares through a scheme of arrangement (**Scheme**).

If the Scheme becomes Effective:

- (a) Keybridge will deposit \$1.5 million (being the aggregate amount of the cash component payable under the Initial Scheme Consideration and which amount includes the \$1.35 million payable to Scheme Shareholders and the Deloitte Fee) into the Scheme Consideration Trust Account by 10.00am on the Implementation Date;
- (b) each PRF Shareholder will receive an amount that is 78.40 cents cash for every 100 PRF Shares they hold at the Record Date which will be paid by PRF from the amount deposited by Keybridge into the Scheme Consideration Trust Account on the Implementation Date;
- (c) each PRF Shareholder will receive the number of Keybridge Shares that are calculated in accordance with section 1.3 of this Scheme Booklet for the PRF Shares they hold at the Record Date, by 5.00pm on the Implementation Date; and
- (d) the PRF Shares will be transferred to Keybridge on the Implementation Date.

In the event a Subsequent Control Transaction is entered into within 12 months from the Implementation Date, each Scheme Shareholder will receive the Subsequent Control Transaction Consideration Amount on the Subsequent Control Transaction Consideration Date. There is significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it is dependent upon the successful completion of a subsequent transaction with an independent third party. As such the Independent Expert has not attributed any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report.

Following the implementation of the Scheme, Keybridge intends to maintain the current PRF Group business operations, management and employees, subject to replacing the current PRF Directors with Keybridge nominated directors.

As a result of the completion of the Scheme, PRF will become a wholly owned Subsidiary of Keybridge.

A copy of the Scheme is set out in Annexure D of this Scheme Booklet.

1.2 Rationale for the Scheme

As has been discussed in the Chairman's letter, PRF has been under pressure to repay the Keybridge Facility and currently has no certainty of ongoing funding from either CBA or Keybridge. A detailed description of the background in respect of the senior debt facility with CBA and the mezzanine debt facility with Keybridge is set out in section 5.1.2 of the Independent Expert's Report.

Keybridge indicated to PRF that it would not further extend the termination date of the Keybridge Facility past 7 April 2013. If the Implementation Agreement had not been entered into, the Keybridge Facility would have become due, PRF would have become technically insolvent and the Directors would have been forced to appoint a voluntary administrator.

In these circumstances and on the basis of the matters set out in section 2.1, in the absence of a Superior Proposal, the Directors considered that the Scheme was in the best interest of the Shareholders.

1.3 Scheme Consideration for the Scheme

If the Scheme is approved, Scheme Shareholders will receive the Initial Scheme Consideration.

If a Subsequent Control Transaction is entered into within 12 months from the Implementation Date, the Subsequent Control Transaction Consideration Amount will be payable or issued (as applicable) to Scheme Shareholders on the Subsequent Control Transaction Consideration Date.

There is significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it is dependent upon the successful completion of a subsequent transaction with an independent third party. As such the Independent Expert has not attributed any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report.

Initial Scheme Consideration

Scheme Shareholders will be entitled to an initial payment on the Implementation Date, comprising:

- (a) 78.40 cents cash for every 100 PRF Shares held at the Record Date¹ (based on the cash component of \$1.5 million paid by Keybridge less the Deloitte Fee); and
- (b) if the Initial Keybridge Share Market Value is:
 - (i) 20 cents or less, 1.452 Keybridge Shares for every 100 PRF Shares held by the Scheme Shareholder at the Record Date; or
 - (ii) greater than 20 cents, the number of Keybridge Shares that is equal to the amount of 29.04 cents (based on an Initial Keybridge Share Market Value) per 100 PRF Shares held by the Scheme Shareholder at the Record Date.

Initial Scheme Consideration payable by Keybridge for the acquisition of 100% of the PRF Shares which will be payable to Scheme Shareholders will be:

- (a) \$1.35 million cash; and
- (b) a number of Keybridge Shares that is the lesser of:
 - (i) 2,500,000 Keybridge Shares; and
 - (ii) Keybridge Shares with an Initial Keybridge Share Market Value of \$500,000.

¹ Keybridge will pay the aggregate of all cash payments required to satisfy the Initial Scheme Consideration and the Deloitte Fee to the Scheme Consideration Trust Account on the Implementation Date. PRF as trustee will pay the Deloitte Fee and the relevant amounts to Scheme Shareholders from the funds in the Scheme Consideration Trust Account on the Implementation Date.

Rounding where fractions of Keybridge Shares

The Keybridge Shares will be allotted and issued to the Scheme Shareholders pro-rata as nearly as may be to the number of PRF Shares held by each Scheme Shareholder at the Record Date. Where the calculation of the total number of Keybridge Shares to be allotted and issued to any Scheme Shareholder as part of the Initial Scheme Consideration would result in the issue of a fraction of a Keybridge Share then:

- (a) if the fraction is less than one-half, the number of Keybridge Shares to be allotted and issued to such Scheme Shareholder is rounded down to the whole number below the number including the fraction; and
- (b) if the fraction is one-half or greater, the number of Keybridge Shares to be allotted and issued to such Scheme Shareholder is rounded up to the whole number above the number including the fraction,

provided that the aggregate number of Keybridge Shares issued does not exceed 2,500,000 Keybridge Shares.

Subsequent Control Transaction Consideration Amount

In the event a Subsequent Control Transaction is entered into within 12 months from the Implementation Date, the Subsequent Control Transaction Consideration Amount will be paid or issued (as applicable) to Scheme Shareholders on the Subsequent Control Transaction Consideration Date.

If payable, the Subsequent Control Transaction Consideration Amount will be an amount that is equal to the value of 58.08 cents for every 100 PRF Shares held on the Record Date and Keybridge will determine whether the Subsequent Control Transaction Consideration Amount will be paid in cash or Keybridge Shares.

If paid, the total aggregate value of the Subsequent Control Transaction Consideration Amount payable by Keybridge to all Scheme Shareholders will be \$1 million, comprising:

- (a) \$1 million cash; or
- (b) Keybridge Shares with a Subsequent Keybridge Share Market Value of \$1 million.

There is significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it is dependent upon the successful completion of a subsequent transaction with an independent third party. As such the Independent Expert has not attributed any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report.

Rounding where fractions of Keybridge Shares

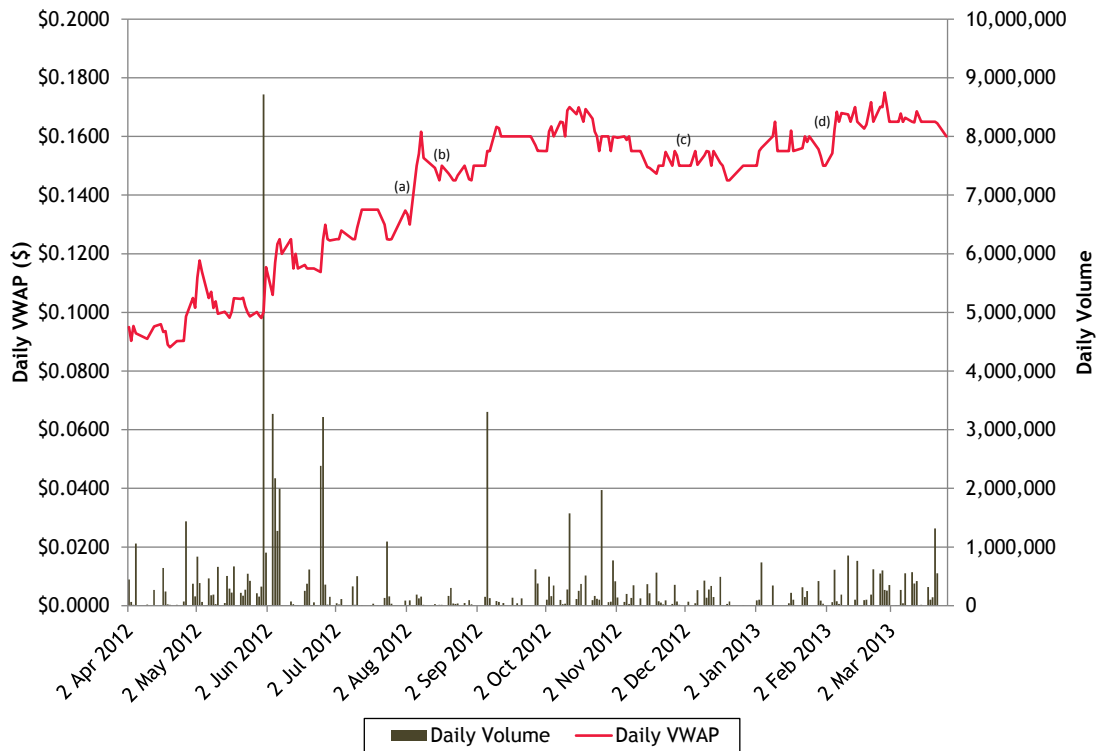
If Keybridge Shares are to be issued, the Keybridge Shares will be allotted and issued to the Scheme Shareholders pro-rata as nearly as may be to the number of PRF Shares held by each Scheme Shareholder at the Record Date. Where the calculation of the total number of Keybridge Shares to be allotted and issued to any Scheme Shareholder as part of the Subsequent Control Transaction Consideration Amount would result in the issue of a fraction of a Keybridge Share then:

- (a) if the fraction is less than one-half, the number of Keybridge Shares to be allotted and issued to such Scheme Shareholder is rounded down to the whole number below the number including the fraction; and

- (b) if the fraction is one-half or greater, the number of Keybridge Shares to be allotted and issued to such Scheme Shareholder is rounded up to the whole number above the number including the fraction.

1.4 Keybridge Shares

Keybridge Shares are listed for trading on the ASX and the Keybridge Shares to be issued to PRF Shareholders as part of the Scheme Consideration are expected to be listed for trading on ASX from 3 July 2013. The graph below shows Keybridge's daily volume-weighted average share price (**VWAP**) and the volume of shares traded each day over the period from 2 April 2012 to 1 April 2013 inclusive.



Over the period graphed in the table above, Keybridge's daily VWAP shows a period low of \$0.0881 on 20 April 2012 and a period high of \$0.1750 on 27 February 2013.

At the date of this Scheme Booklet, Keybridge's current capital structure is as follows:

Type of security	Number of securities on issue
Ordinary shares	172,070,564
Ordinary shares not quoted	5,975,000

1.5 Overall effect of the Scheme

Completion of the Scheme, through the transfer of 100% of the PRF Shares to Keybridge, will result in:

- (a) Keybridge holding all the issued share capital in PRF; and
- (b) PRF becoming a wholly owned Subsidiary of Keybridge and becoming part of the Post Scheme Keybridge Group.

1.6 Effect on PRF Shareholders

As a result of the Scheme, PRF Shareholders will cease to be holders of PRF Shares.

If the Scheme becomes Effective, all PRF Shareholders will receive the Initial Scheme Consideration for the PRF Shares they hold on the Record Date as follows:

- (a) on the Implementation Date:
 - (i) Keybridge will pay \$1.5 million (being the aggregate cash component of the Initial Scheme Consideration that is payable to each Scheme Shareholder plus the Deloitte Fee) to the Scheme Consideration Trust Account for PRF to hold as trustee for the Scheme Shareholders;
 - (ii) Keybridge will issue to, and enter in Keybridge's share register, the name and address of, each PRF Shareholder as the holder of such number of Keybridge Shares as that PRF Shareholder is entitled to receive in accordance with the Scheme, calculated in accordance with section 1.3 of the Scheme Booklet; and
 - (iii) PRF will pay to each PRF Shareholder the cash component of the Initial Scheme Consideration for the number of PRF Shares held by each PRF Shareholder at the Record Date, calculated in accordance with section 1.3 of the Scheme Booklet, from the amount deposited by Keybridge into the Scheme Consideration Trust Account and will pay the Deloitte Fee to Deloitte; and
- (b) within five Business Days after the Implementation Date, Keybridge will dispatch a holding statement in the name of each PRF Shareholder relating to the number of Keybridge Shares issued to them.

In the event a Subsequent Control Transaction is completed within 12 months from the Implementation Date:

- (a) on the Subsequent Control Transaction Consideration Date (if it occurs), Keybridge will:
 - (i) pay an amount equal to the aggregate cash component of the Subsequent Control Transaction Consideration Amount that is payable to each Scheme Shareholder to the Scheme Consideration Trust Account for PRF to hold as trustee for the Scheme Shareholders (if any); or
 - (ii) issue to, and enter in Keybridge's share register the name and address of, each PRF Shareholder as the holder of such number of Keybridge Shares as that PRF Shareholder is entitled to receive in accordance with the Scheme (if any), calculated in accordance with section 1.3 of the Scheme Booklet;
- (b) no later than two Business Days after the Subsequent Control Transaction Consideration Date (if it occurs), PRF will pay to each Scheme Shareholder the cash component of the Subsequent Control Transaction Consideration Amount for the number of PRF Shares held at the Record Date, calculated in accordance with section 1.3 of the Scheme Booklet, from the amount deposited by Keybridge into the Scheme Consideration Trust Account; and
- (c) within five Business Days after the Subsequent Control Transaction Consideration Date (if it occurs), Keybridge will dispatch a holding statement in the name of each Scheme Shareholder relating to the number of Keybridge Shares issued to them pursuant to the Subsequent Control Transaction Consideration Amount (if any).

There is significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it is dependent upon the successful completion of a subsequent transaction with an independent third party. As such the Independent Expert has not attributed any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report

1.7 Intentions for PRF

Following the implementation of the Scheme, Keybridge intends to:

- (a) maintain the current PRF Group business operations with little or no additional capital;
- (b) substantially retain all PRF Group management and employees; and
- (c) replace the existing PRF Board with Keybridge nominated directors.

For details in relation to the Post Scheme Keybridge Group please see section 7.

Following the implementation of the Scheme Peter Llewellyn and Rod James each will be engaged as independent contractors by Keybridge on an annual contractor fee of A\$400,000 payable weekly on a pro-rata basis (reduced from their current annual salary of A\$710,000).

1.8 Directors' recommendation

The Directors recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Scheme for the PRF Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal.

The interests of Directors (including the partial extinguishment of loans owing to Peter Llewellyn and Rod James and their ongoing involvement with PRF) are set out in section 11.1 of this Scheme Booklet.

1.9 Independent Expert's Report

PRF commissioned the Independent Expert to give an opinion on whether the Scheme is fair and reasonable and therefore in the best interests of PRF Shareholders.

The Independent Expert has concluded that the Scheme is not fair but reasonable and is in the best interests of PRF Shareholders. This means the Independent Expert has determined that the Scheme Consideration is not equal to or greater than the value of the PRF Shares, however it is the Independent Expert's view that there are sufficient reasons for PRF's Shareholders to vote in favour of the Scheme in the absence of a Superior Proposal.

The Independent Expert noted in its report that (consistent with ASIC guidance) it did not adjust its valuation of PRF Shares for the financial distress of PRF in completing its valuation work and that if it had considered the current financial distress of PRF, it is likely that its valuation would have resulted in a lower value.

The Independent Expert did consider the attractiveness and/or availability of alternative methods to remedy the financial distress of PRF when considering the reasonableness of the Scheme. In the Independent Expert's Report Addendum set out in Annexure F, the Independent Expert has also considered the alternative proposals that have been submitted to PRF prior to the date of this Scheme Booklet (discussed above in the Chairman's letter), but has determined that they do not impact on the Independent Expert's conclusion in the Independent Expert's Report in Annexure A of this Scheme Booklet, on the basis that they are not legally binding and are not currently open for acceptance by PRF.

The Independent Expert's Report is set out as Annexure A and the Independent Expert's Report Addendum is set out in Annexure F.

1.10 PRF Shareholder and Court approvals required

PRF Shareholder approval

The Court has ordered that a Scheme Meeting be convened. The resolution for the Scheme to be considered at each Scheme Meeting must be passed by:

- (a) a majority in number (more than 50%) of PRF Shareholders present and voting (in person or by proxy, attorney or corporate representative); and
- (b) at least 75% of the votes cast at the Scheme Meeting.

If the resolution is not passed by the requisite majority, the Scheme will not proceed.

Court approval

If the Scheme is approved by the requisite majority of Scheme Shareholders at the Scheme Meeting and all Conditions Precedent are satisfied or waived, PRF will ask the Court to approve the Scheme at the Second Court Hearing, expected to be held on 18 June 2013.

1.11 Conditions Precedent

Implementation of the Scheme is subject to the following Conditions Precedent which may be satisfied or waived by the party benefiting from the condition prior to 8.00am on the Second Court Date:

- (a) there being no PRF Material Adverse Change;
- (b) there being no PRF Prescribed Occurrence;
- (c) PRF Shareholders approving the Scheme and the Scheme being approved by order of the Court;
- (d) the Scheme being approved by ASIC;
- (e) there being no injunction or other order issued by any Court or other legal restraint or prohibition preventing the Scheme;
- (f) the PRF Representations and Warranties being true and correct;
- (g) PRF not having entered into any Third Party Proposal, or any transaction, agreement or understanding with a third party, in relation to a Third Party Proposal, which remains in force;
- (h) there being an extension of the CBA Facilities on terms acceptable to Keybridge;
- (i) CBA consenting to the Scheme on terms which are acceptable to Keybridge and PRF;
- (j) the Deloitte engagement terms being amended on terms satisfactory to Keybridge;
- (k) PRF procuring the extinguishment of the amount of the liabilities owed by PRF to the Directors exceeding \$2 million, on terms satisfactory to Keybridge;

- (l) PRF procuring agreed amendments to the independent contractor contracts of Peter Llewellyn and Rod James (or their related independent contracting entities), on terms satisfactory to Keybridge and as agreed in the Implementation Agreement; and
- (m) PRF procuring the execution by all relevant parties of loan agreements between PRF and each of Peter Llewellyn and Rod James (and their related independent contracting entities), on terms satisfactory to Keybridge and as agreed in the Implementation Agreement.

Further details of the Conditions Precedent are set out in section 9.2.

As at the date of this Scheme Booklet, PRF is not aware of any circumstances which would cause the Conditions Precedent summarised in section 9.2 not to be satisfied. PRF will, prior to the Scheme Meeting, advise Shareholders of the status of the various conditions by an announcement on PRF's website.

As at the date of the Scheme Booklet CBA has given no indication to PRF of its intentions as to whether or not it will approve the Scheme.

Keybridge shareholder ASX Listing Rule 11.1.2 approval

On 18 April 2013 Keybridge was notified by ASX that Keybridge was required to seek shareholder approval for the Scheme under ASX Listing Rule 11.1.2 on the basis that the acquisition of PRF by Keybridge would result in a significant change in the nature or scale of its activities. Keybridge has confirmed that it will be convening a general meeting of shareholders to obtain such approval before the Second Court Hearing.

1.12 Tax implications

A summary of the expected tax implications of the Scheme for PRF Shareholders is set out in section 8.

2 Matters relevant to your vote

2.1 Why you may vote in favour of the Scheme

Directors' recommendation

The Directors recommend that PRF Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Scheme for the PRF Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal.

The interests of Directors (including the partial extinguishment of loans owing to Peter Llewellyn and Rod James and their ongoing involvement with PRF) are set out in section 11.1 of this Scheme Booklet.

The key decision for PRF Shareholders in considering whether to vote in favour of the Scheme is whether they may expect to receive greater value in a reasonable time period by remaining PRF Shareholders or by receiving the Scheme Consideration, having regard to all relevant factors, including the position of PRF's financiers, risks inherent in PRF's business and other industry risks.

The Directors have carefully considered the matters set out in this section 2.1 (summarised in the section entitled '*Why have the Directors recommended the Proposal*' on page 14).

The Directors believe that the reasons for PRF Shareholders to vote in favour of the Scheme outweigh the reasons to vote against the Scheme and, therefore, recommend that PRF Shareholders vote in favour of the Scheme.

These reasons and other relevant considerations for PRF Shareholders are set out in this section.

The Independent Expert's conclusion

The Independent Expert has concluded that the Scheme is not fair but reasonable and is in the best interests of PRF Shareholders.

The Independent Expert has valued PRF in the range between \$0.0248 and \$0.0919 per PRF Share.

This means the Independent Expert has determined that the Scheme Consideration is not equal to or greater than the value of the PRF Shares (although, as required by ASIC guidance, the Independent Expert did not adjust its valuation of the PRF Shares to take account of the actual financial position of PRF), however it is the Independent Expert's view that there are sufficient reasons for PRF Shareholders to vote in favour of the Scheme in the absence of a Superior Proposal.

A copy of the Independent Expert's Report is set out as Annexure A.

In the Independent Expert's Report Addendum set out in Annexure F, the Independent Expert has also considered the alternative proposals that have been submitted to PRF prior to the date of this Scheme Booklet (discussed above in the Chairman's letter), but has determined that they do not impact on the Independent Expert's conclusion in the Independent Expert's Report in Annexure A of this Scheme Booklet, on the basis that they are not legally binding and are not currently open for acceptance by PRF.

Cash payment and Keybridge Shares

Voting in favour of the Scheme will provide benefits to PRF Shareholders and PRF. If the Scheme becomes Effective, PRF Shareholders will receive Keybridge Shares in return for their PRF Shares in addition to a cash payment. All Keybridge Shares will have the same rights.

The Initial Scheme Consideration will be delivered to Scheme Shareholders on the Implementation Date. If a Subsequent Control Transaction occurs within 12 months of the Implementation Date, the Subsequent Control Transaction Consideration Amount will be delivered to PRF for distribution to Scheme Shareholders on the Subsequent Control Transaction Consideration Date. There is significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it is dependent upon the successful completion of a subsequent transaction with an independent third party. As such the Independent Expert has not attributed any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report.

The implementation of the Scheme will allow PRF Shareholders to achieve partial realisation of the value of their PRF Shares on the Implementation Date (through the cash payment) and also become holders of Keybridge Shares which are listed on ASX and will provide PRF Shareholders with a greater opportunity for value realisation in respect of the balance of the value of their PRF Shares as well as an opportunity to continue to take advantage of any increase in value of the underlying business of PRF (albeit at diluted levels). Accordingly, PRF Shareholders will have greater certainty and liquidity in respect of their investment in PRF as a result of the Scheme.

As Keybridge is an ASX listed company, if the Scheme is implemented, PRF will be placed in an environment in which PRF will have access to corporate governance expertise and PRF Shareholders will enjoy the benefits of the corporate governance requirements of ASX.

Holding Keybridge Shares will also provide PRF Shareholders with exposure to a more diversified portfolio of assets. This diversification may lower the risk of PRF Shareholders' investment and could result in greater shareholder value over the longer term.

No Superior Proposal

As set out in the Chairman's letter above, the Board has received two non-binding alternative third party proposals, however at the date of this Scheme Booklet, neither of these proposals are considered by the Board to be a Superior Proposal.

The Implementation Agreement imposes 'no talk' and 'no shop' obligations on PRF, which began on 30 March 2013 (when the Implementation Agreement was executed). The Implementation Agreement does, however, permit PRF to continue discussions with a number of specified parties up to 10 May 2013.

The Implementation Agreement does not prevent a third party from making an alternative proposal and does not prevent the Directors from responding to an unsolicited proposal if, and to the extent, necessary to discharge their fiduciary duties as Directors, prior to the implementation of the Scheme, or in respect of a negotiation with a Permitted Negotiation Entity prior to 10 May 2013.

A summary of PRF's 'no talk' and 'no shop' obligations is set out in section 9.5.

PRF will inform PRF Shareholders of any developments in relation to the alternative third party proposals, and in the event an offer is received that the Directors determine to be a Superior Proposal to the Scheme, further information about the transaction, and its impact on the Scheme, will be communicated to PRF Shareholders.

Risk of financiers exercising rights and insolvency

PRF has been under pressure to repay the Keybridge Facility and currently has no certainty of ongoing funding from either CBA or Keybridge. Pursuant to the Keybridge Facility Amendment Deed (summarised in section 10 of this Scheme Booklet), the termination date for the Keybridge Facility will be the date the Implementation Agreement is terminated (other than if it is terminated pursuant to a Superior Proposal). Further details in relation to the termination date of the Keybridge Facility are set out in section 10 of this Scheme Booklet.

Accordingly, if the Scheme fails and there is no Superior Proposal, the Keybridge Facility will become immediately due and Keybridge and CBA will have the right to appoint a receiver or administrator. Even if the financiers do not appoint a receiver or administrator, in the absence of any extension of the facilities, PRF will become technically insolvent and the Directors will need to consider the appointment of a voluntary administrator.

Risks inherent in PRF's business

PRF Shareholders should consider the risks inherent in PRF's business and the industry generally. Please refer to section 4 of this Scheme Booklet for more detail on these risks.

The Directors have carefully considered each of these risks, and the Board will continue to work to mitigate their impact on PRF if the Scheme is not implemented. However, taking these risks into account, and the other matters set out in this Scheme Booklet, the Directors recommend that PRF Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Scheme for the PRF Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal.

2.2 Why you may vote against the Scheme

While the Directors recommend that you vote in favour of the Scheme and the Independent Expert considers the Scheme is not fair but reasonable and is in the best interests of PRF Shareholders, PRF Shareholders are not obliged to follow the Directors' recommendation or agree with the Independent Expert's conclusions. Factors that may lead you to vote against the Scheme include those set out below.

Belief that the Scheme is not in the best interests of PRF Shareholders

You may believe that the Scheme is not in your best interests.

For example, notwithstanding PRF's position with its financiers, you may consider that the financiers will not exercise their rights and you may consider that the Scheme Consideration does not represent good value based on your view of the underlying value of PRF Shares.

PRF Shareholders are also referred to the Independent Expert's Report which sets out the factors the Independent Expert considered when reaching its conclusion, including the disadvantages to PRF Shareholders.

Limited liquidity

You may consider that Keybridge Shares have limited liquidity.

The rate at which equity instruments are traded is generally referred to as the 'liquidity' of the equity instruments. Changes in liquidity may impact the trading price of equity instruments, particularly depending on the number of equity instruments required to be bought and/or sold and the time period over which the equity instrument holder needs to buy and/or sell those equity instruments. Depending on the circumstances, a movement in market price may or may

not represent a shift in value of either the equity instruments or a shift in value of the company to which the equity instruments relate as a whole.

The table below summarises the monthly liquidity of Keybridge shares from April 2012 to April 2013. Liquidity has been summarised by considering the following:

- (a) volume of Keybridge share trades per month;
- (b) value of total trades in Keybridge shares per month;
- (c) number of trades in Keybridge shares per month;
- (d) number of shares traded per month as a percentage of total shares outstanding at the end of the month; and
- (e) volume weighted average price per month.

Month	Traded Volume	Value (\$)	Number of Trades	Shares Outstanding	Volume per Shares Outstanding	Monthly VWAP
March 2013	5,041,985	\$834,564	77	172,071,000	2.93%	\$0.1655
February 2013	5,369,461	\$897,845	120	172,071,000	3.12%	\$0.1672
January 2013	2,888,507	\$453,143	71	172,071,000	1.68%	\$0.1569
December 2012	2,307,708	\$350,642	67	172,071,000	1.34%	\$0.1519
November 2012	3,296,140	\$506,159	95	172,071,000	1.92%	\$0.1536
October 2012	7,701,267	\$1,262,600	163	172,071,000	4.48%	\$0.1639
September 2012	5,083,439	\$791,295	50	172,071,000	2.95%	\$0.1557
August 2012	1,456,083	\$214,800	66	172,071,000	0.85%	\$0.1475
July 2012	2,491,973	\$314,928	53	172,071,000	1.45%	\$0.1264
June 2012	17,162,729	\$2,016,133	184	172,071,000	9.97%	\$0.1175
May 2012	15,717,753	\$1,597,001	373	172,071,000	9.13%	\$0.1016
April 2012	4,251,364	\$408,138	110	172,071,000	2.47%	\$0.0960
Total	72,768,409	\$9,647,248	1,429	-	42.29%^(a)	-

Source: Bloomberg as at 1 April 2013

Note: (a) Weighted average number of shares outstanding over the period analysed

Assuming a weighted average number of 172,071,000 ordinary Keybridge shares on issue over the period, approximately 42.29% of total shares on issue were traded over the 12 month period to 1 April 2013.

Expectation of a Superior Proposal

You may consider that Keybridge and CBA will not exercise their rights if the Scheme fails and that a potential alternative acquirer will emerge and a Superior Proposal may be made.

PRF management engaged Deloitte to conduct an extensive search both in Australia and in a number of overseas jurisdictions for potential acquirers and as at the date of this Scheme Booklet PRF has not received a binding offer which is superior to the Proposal.

If such a proposal was to emerge the Board will ensure that PRF Shareholders are given all material information relating to that proposal and sufficient time to consider that information. To the extent the Directors believed the proposal was superior to the Scheme, the Directors would respond appropriately to such a proposal.

Expectation of growth in earnings leading to a higher PRF Share value

You may consider that Keybridge and CBA will not exercise their rights if the Scheme fails and that PRF's earnings will grow after the date of this Scheme Booklet, and that this growth may support a PRF Share value in excess of the Scheme Consideration.

Section 5 contains summary information of PRF's financial position. Results for the financial year ending on 30 June 2012 are included in this summary.

Risk of holding an investment in Keybridge

You may decide that you do not want to invest in a public company with the characteristics of Keybridge or the Post Scheme Keybridge Group or that the value of Keybridge shares is uncertain and may differ materially to the current market price of Keybridge. The risks applicable to Keybridge and the Post Scheme Keybridge Group are set out in section 4. You should consider these risks carefully before deciding how to vote.

Availability of alternatives

You may consider that there are better alternatives than the Proposal available to PRF, such as an equity capital raising, renegotiation of PRF's debt facilities or a refinance of PRF's debt facilities. However, PRF Shareholders should note the following:

- (a) regarding an equity investment, PRF management has made several approaches to potential investors regarding recapitalising the company through a cornerstone equity investment and has been unsuccessful in securing any interest in such a proposal;
- (b) regarding renegotiating with PRF's existing financiers, PRF has been under considerable pressure to reduce debt levels and attempts to negotiate the existing finance facilities ultimately resulted in a situation where PRF Directors believed they had no alternative other than to enter into the Proposal in order to avoid a voluntary administration of receivership scenario for PRF; and
- (c) regarding refinancing PRF's debt facilities, PRF management has explored several potential opportunities but has been unable to attract debt funding at a rate of interest that is as good as the current rates and it has not been able to secure funding in the quantum required to refinance the existing facilities.

2.3 Other relevant considerations

The Scheme may be implemented even if you vote against it

Even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if approved by the requisite majority of PRF Shareholders and the Court. If this happens you will receive the Scheme Consideration for the PRF Shares that you hold at the Record Date.

No stamp duty

Keybridge will pay any stamp duty in connection with the transfer of PRF Shares under the Scheme.

2.4 Implications of failure to approve the Scheme

If the Scheme is not approved by PRF Shareholders and the Court, PRF Shareholders will retain their PRF Shares. In the absence of a Superior Proposal, there is a risk that PRF Shareholders may not be able to realise a price for all of their PRF Shares (at least in the short term) comparable to the value that they would receive under the Scheme.

The consequences of the Scheme not being implemented include:

- (a) Keybridge will not pay the Scheme Consideration;
- (b) PRF Shareholders will retain their PRF Shares; and
- (c) PRF's financiers may exercise their rights under their respective facility agreements.

If the Scheme is not implemented and PRF's financiers do not exercise their rights under their respective facility agreements, the Directors intend to continue to operate PRF in a manner consistent with current practices. The Directors will need to negotiate with PRF's financiers in respect of the respective facility agreements, including in respect of the payment of the extension fees which would be payable to Keybridge (as more fully described in section 10.1).

PRF Shareholders will be exposed to any benefits and risks associated with their investment in PRF.

3 Implementation of the Scheme

3.1 Scheme Meeting

On 13 May 2013, (the date before the date of this Scheme Booklet), the Court ordered that a Scheme Meeting be convened as specified in the notice of Scheme Meeting in Annexure E and Ron Tong (with Peter Llewellyn as his alternate) be appointed to chair the Scheme Meetings. The Scheme Meeting will be held at 8.30am on 14 June 2013 at PRF's offices at Suite 10, 10 Cloyne Road, Southport, Queensland 4215.

All PRF Shareholders registered on the PRF Share register at 7.00pm on 12 June 2013 may attend and vote at the Scheme Meeting, either in person or by proxy or attorney or, in the case of a body corporate, by its corporate representative appointed under section 250D Corporations Act. Voting at the Scheme Meeting will be by poll.

The resolution in favour of the Scheme must be passed at the Scheme Meeting by:

- (a) a majority in number (more than 50%) of PRF Shareholders that are present and voting at the Scheme Meeting (in person or by proxy); and
- (b) at least 75% of the votes that are cast on the resolution at the Scheme Meeting.

Instructions on how to attend and vote at the Scheme Meeting (in person or by proxy), are set out in the 'How to Vote' section on page 21 and in the notes for the notice of Scheme Meeting in Annexure E.

3.2 Second Court Hearing

If:

- (a) the Scheme is approved by the requisite majority of Scheme Shareholders at the Scheme Meeting; and
- (b) all Conditions Precedent have been satisfied or waived, including all regulatory approvals required for the Scheme have been obtained,

PRF will apply to the Court for orders approving the Scheme. PRF expects the Second Court Date to be 18 June 2013.

Each PRF Shareholder has the right to appear at the Second Court Hearing.

3.3 Effective Date

The Scheme will become effective on the date an office copy of a Court order from the Second Court Hearing approving the Scheme is lodged with ASIC (**Effective Date**).

3.4 Record Date

Those PRF Shareholders on the register on the Record Date (i.e. 5.00pm (Sydney time) on the fifth Business Day after the Effective Date) will become entitled to the Scheme Consideration for PRF Shares they hold at that time.

3.5 Persons entitled to Scheme Consideration

Dealings on or before the Record Date

Dealings in PRF Shares will only be recognised if PRF receives registrable transfers on or before the Record Date.

PRF must register valid transfers received by the Record Date. PRF will not accept registration or otherwise recognise any transfer of PRF Shares received after the Record Date.

Dealings after the Record Date

Entitlements to Scheme Consideration will be determined in accordance with the PRF Share register.

All certificates for PRF Shares cease to have effect as documents of title from the time PRF Shareholders receive the Initial Scheme Consideration.

3.6 Implementation Date

On the Implementation Date:

- (a) each PRF Shareholder will be entitled to the cash component of the Initial Scheme Consideration for the number of PRF Shares held at the Record Date, calculated in accordance with section 1.3 of the Scheme Booklet and payable to each PRF Shareholder in accordance with sections 1.1 and 1.3;
- (b) Keybridge will issue to, and enter in Keybridge's share register the name and address of, each PRF Shareholder as the holder of such number of Keybridge Shares as that PRF Shareholder is entitled to receive in accordance with the Scheme, calculated in accordance with section 1.3 of the Scheme Booklet; and
- (c) the PRF Shares will be transferred to Keybridge.

The Implementation Date is the third Business Day after the Record Date.

3.7 Stamp duty

Keybridge will pay any stamp duty on the transfer of PRF Shares under the Scheme.

3.8 Warranties by PRF Shareholders

The Scheme provides that each PRF Shareholder is deemed to have warranted to Keybridge that:

- (a) all of their PRF Shares (including any rights and entitlements attaching to those shares) transferred to Keybridge under the Scheme will, on the Implementation Date, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, whether legal or otherwise (but acknowledging that a security interest holder may potentially have an interest in the Scheme Consideration in accordance with the terms of such security interest); and
- (b) subject to any restrictions in the terms of issue, they have the full power and capacity to sell and transfer their PRF Shares (including any rights and entitlements attaching to those shares) to Keybridge under the Scheme.

4 Risk factors of the The Post Scheme Keybridge Group

If the Scheme is implemented:

- (a) PRF Shareholders will become holders of Keybridge Shares; and
- (b) PRF will become part of the Post Scheme Keybridge Group.

As the holder of Keybridge Shares, you will be exposed to the business performance of, and have an opportunity to participate in the potential financial returns generated by, the Post Scheme Keybridge Group. There are risks inherent with investing in the Post Scheme Keybridge Group which you should consider carefully in deciding how to vote.

As a shareholder in Keybridge you would continue to be exposed to the underlying risks of PRF, including risks associated with the industry generally and PRF specific risks including the following:

- (a) interest rate risk;
- (b) liquidity risk;
- (c) credit risk;
- (d) risk of claims and litigation;
- (e) compliance issues;
- (f) PRF's business and operational performance;
- (g) personnel attrition;
- (h) government policy and regulation; and
- (i) general economic risks.

Interest rate risk

An exposure to interest rate risk arises on financial assets and financial liabilities that are recognised at a reporting date, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. PRF is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2012, less than 1% of PRF's borrowings were on fixed interest rates. It is the normal policy of PRF to keep between 25% and 50% of borrowings on fixed interest rates but this policy has not been met in the past 18 months due to prevailing marketing conditions and facility maturity dates.

The net effective variable interest rate borrowings (i.e. unhedged debt) exposes PRF to interest rate risk which may impact future cash flows and interest charges.

Liquidity risk

Liquidity risk arises from the possibility that PRF might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

If the Scheme proceeds PRF will still be required to meet its obligations under the CBA Facilities and if it does not meet those obligations, CBA will have the right to appoint a receiver or administrator.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to PRF.

Credit risk is managed on a group basis and reviewed regularly by the Board and senior executives. Credit risk is managed through maintaining procedures ensuring that, to the extent possible, customers and counterparties to transactions are of suitable credit worthiness and includes the utilisation of systems for the approval, granting and renewal of finance products, the regular monitoring of exposures and the monitoring of the financial stability of customers and counterparties. Such monitoring is used in assessing receivables for impairment.

PRF has no significant concentration of credit risk with any single counterparty or group of counterparties.

Claims and litigation

It is common in the industry in which PRF operates for customers to make complaints and institute proceedings against the relevant finance provider (in this case PRF). PRF is currently party to numerous external dispute resolution and internal dispute resolution processes under the *National Consumer Credit Protection Act (2009)* (Cth).

At the date of this document PRF does not consider it has any material financial exposure in respect of these disputes.

Some of PRF's Subsidiaries are defendants in a consumer claim which is on appeal in the NSW Supreme Court. The appeal was heard on 2 and 3 October 2012 and the decision is currently reserved. PRF remains confident that the decision at first instance will be upheld. If the Court finds against PRF, PRF will be exposed to damages and potentially costs in respect of the claim but PRF does not consider it has any material financial exposure.

Compliance issues

The industry in which the PRF Group operates is subject to extensive legislative and regulatory requirements and to supervision by state and federal regulatory organisations. The activities of the PRF Group must comply with strict rules provided in the *National Consumer Credit Protection Act (2009)* (Cth) and other legislation such as fair trading and motor vehicle dealer legislation.

If the PRF Group does not comply with relevant laws and regulations, there is a risk that members of the PRF Group may be subject to investigations and enforcement action by regulators, suffer penalties such as fines, obligations to pay compensation or the cancellation or suspension of authorities or licences issued to them under which their respective businesses are conducted.

Non-compliance is also likely to lead to higher levels of complaints and claims by clients, insurance not being available to meet the cost of settling such complaints and claims and adverse publicity.

PRF often receives enquiries from various state and federal regulatory bodies governing the relevant legislation and PRF's business has been subject to ongoing investigations and enquiries by ASIC since 2007 in respect of various aspects of its business and product offerings.

It is a condition in the Australian Credit Licences held by licensed members of the PRF Group that annual compliance reviews are undertaken by an external compliance consultant approved by ASIC. The report in respect of the first compliance review was released on 21 November 2011. The report in respect of the second compliance review was released on 22 November 2012.

PRF has recently received correspondence from ASIC expressing concerns in respect of a number of issues raised in the second compliance review report and has requested that PRF respond to those concerns. PRF is in the process of responding to the concerns raised by ASIC and confirming the procedural and business practice changes it is making in order to address the issues raised in the second compliance review report.

ASIC has also recently conducted interviews with PRF personnel in respect of a suspected breach of the *National Consumer Protection Act (2009)* (Cth) relating to PRF's AMX business (personal finance division). PRF is in the process of providing further information to ASIC in response to a formal document request under the *National Consumer Credit Protection Act (2009)* (Cth) in respect of these matters and PRF Shareholders will be notified if any material issues arise as a result of the investigations.

PRF has compliance risk minimisation strategies in place and at the date of this document, PRF does not believe that any such matters are likely to have a material effect on the profitability of PRF and no provision exists for any potential exposure in connection with such matters.

Operational risk

PRF's businesses are exposed to a variety of generalised risks arising from process error, fraud, systems failure, security and physical protection, customer service, staff skills and performance. A failure to adequately manage these risks may adversely impact the performance of the business of PRF.

PRF has compliance risk minimisation strategies in place and at the date of this document, PRF does not believe that any such matters are likely to have a material effect on the profitability of PRF and no provision exists for any potential exposure in connection with such matters.

Personnel

The business of PRF is dependent in part on the efforts and abilities of its people, including key personnel. Any loss of key personnel as a result of the Scheme or otherwise, may adversely impact the performance of the business of PRF. PRF has strategies in place to minimise the risk of personnel loss.

Government policy and regulation

Changes in legislation, government policy or regulation could also adversely impact the performance of the business of PRF. In addition, if the amount and complexity of applicable legislation, policy or regulation increases, so too may the cost of compliance and the risk of non-compliance by PRF.

PRF cannot predict the impact of future legislation and regulatory change on its business. However, as the amount and complexity of the regulation increases, so may the cost of compliance and the risk of non-compliance.

General economic risks

Changes in economic conditions both in Australia and globally affect the financial performance of PRF businesses. No assurance can be made that the market performance of PRF will not be adversely affected by such changes, which include:

- (a) changes in inflation and interest rates (in particular, this may impact on the investment decisions of PRF's clients, adversely affecting the income of PRF);
- (b) changes in employment levels and labour costs may affect the cost structures of the businesses;
- (c) changes in household income, aggregate investment and economic output;
- (d) investor sentiment and local and international stock market conditions; and
- (e) changes in fiscal, monetary and regulatory policies.

In addition to the exposure to the risks referred to above, the Post Scheme Keybridge Group would be exposed to the risks associated with the current business operated by Keybridge, including the risks set out below.

Specific claims and litigation

A wholly owned Subsidiary of Keybridge, Bridge Property Investments Pty Ltd (**BPI**), is currently one of six joint defendants in a claim brought by Saturn Investments SARL in the Supreme Court of Mauritius in relation to a dispute regarding the priority of a loan provided by BPI over that of sub-ordinated junior note holders. BPI is vigorously defending such claim, and having taken legal advice believes that the prospect of any loss is negligible.

Diversification

As holders of Keybridge Shares following implementation of the Scheme, PRF Shareholders will be exposed to a more diversified organisation than PRF. Such diversification may continue in the future. A more diverse business may mean PRF Shareholders may be exposed to a more diverse range of risks.

Key staff

Keybridge's existing business has several key personnel that have strong relationships with key parties. Any loss of these individuals may result in a loss of revenue and consequential impact on the business.

Keybridge Shares

Under the Scheme, PRF Shareholders will be issued with Keybridge Shares in consideration for the transfer of PRF Shares. The share price performance of a listed company, such as Keybridge, is subject to general fluctuations in the share market. These fluctuations can result from a wide variety of factors – some of which are beyond the control of Keybridge, such as:

- (a) general economic conditions, including changes in inflation rates, interest rates and exchange rates;
- (b) variations in the domestic and international markets for listed stocks;
- (c) changes to government policy, legislation or regulation; and
- (d) inclusion or removal from market indices.

In particular, the share prices for many companies may reflect a diverse range of issues which are not specific to the company concerned, such as acts of terrorism and the general state of the economy. Such market fluctuations may adversely affect the price of the Keybridge Shares. An

investment in Keybridge Shares therefore carries risks that the share price may fall and no guarantee can be made regarding the declaration of any dividends or returns of capital.

Exposure to credit risk

Keybridge is exposed to credit risk in the event that a counterparty fails to meet its contractual obligations in relation to Keybridge's investments or deposits with banks and other financial institutions. Keybridge manages ongoing credit risk by monitoring closely the performance of investments, the cyclical impact of the underlying asset class, the financial health of counterparties (including lessee and charter parties, banks and other financial institutions) and compliance with senior debt terms and conditions where the Keybridge group is a mezzanine or equity investor.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equities, aircraft, property and other asset values will affect Keybridge's profitability. The objective of market risk management is to seek to manage and control risk exposures within acceptable parameters, while optimising expected returns.

Keybridge currently does not hold interest rate swaps and therefore is not exposed to interest rate risk on its derivative liabilities. Equity accounted investments are also exposed to movements in currency and asset values for the underlying assets within each of the investments.

Foreign currency risk

Foreign currency risk arises from assets and liabilities that are denominated in a currency that is not Keybridge's functional currency of Australian Dollars. Keybridge's exposure to foreign exchange risk is material due to the number of investments denominated in both US Dollars (**USD**) and one denominated in Euros. The balance of investments in each currency that are not matched by USD and Euro borrowings, are exposed to translation back to Australian Dollars. Any loss or gain arising on translation is recorded in the profit or loss statement.

Interest rate risk

Keybridge is exposed to interest rate risk where committed debt facilities, including non-recourse debt financing and cash, are at a variable rate of interest. All of Keybridge's loans and receivables are at fixed rates and asset specific debt is term matched with fixed interest rates to hedge those specific cash flows.

Keybridge's policy is to ensure that, where appropriate, all material interest rates in relation to non-recourse financing within an investment are fixed for the term of the non-recourse financing.

5 About PRF

5.1 Overview

The PRF Group is an integrated finance company which provides consumer leasing and third party finance options to the Australian market through its Motor Finance Wizard (**MFW**), Affordable Car Centre (**ACC**) and AMX Money (**AMX**) businesses.

The PRF Group provides services to customers who typically have difficulty sourcing traditional finance solutions from mainstream lenders such as banks, as they do not meet standard income verification and credit history criteria.

5.2 PRF Group structure

The PRF is substantially owned by its founders Rod James and Peter Llewellyn (each holding a relevant interest in 31.8% of PRF Shares). Further details regarding Peter Llewellyn's and Rod James' PRF shareholding is set out in section 5.5.

The following entities are wholly owned subsidiaries of PRF and comprise the PRF Group:

56 Nerang Street Pty Ltd	DTGV1 Pty Ltd
Affordable Car Centre Pty Ltd	FM Dealer Network Pty Ltd
Affordable Car Leasing Pty Ltd	Kwik Finance Pty. Ltd.
AMX Marketing Fund Pty Ltd	Kwik Finance (Melb) Pty Ltd
AMX No.1 Pty Ltd	Kwik Finance (Qld) Pty Ltd
AMX Club Limited	Kwik Finance (Sydney) Pty Ltd
Appliance Finance Wizard Pty Ltd	Kwik Finance (Sydney) No. 2 Pty Ltd
Australian Money Exchange Pty Ltd	Kwik Finance (SA) Pty Ltd
DTGN1 Pty Ltd	Motor Finance Wizard Pty Ltd
DTGQ1 Pty Ltd	PR Administration Pty. Ltd.
DTGQ2 Pty Ltd	QikBiz Finance Pty Ltd
DTGS1 Pty Ltd	Retail Finance Group Pty Ltd

PRF also holds interests in the following entities:

- (a) a 51% interest in National Locators Pty Ltd;
- (b) a beneficial interest in a discretionary trust that holds a 50% interest in FAA Automotive Australia Pty Ltd (**FAA**);
- (c) through AMX No.1 Pty Ltd, a 50% interest in each of AMX Nerang, AMX Southport, AMX Bundaberg and AMX Woodridge partnerships; and
- (d) 50% interest in each of Getaway Golf Australia Pty Ltd and Golf Bank Travel Pty Ltd.

5.3 PRF Group business

The PRF Group operates under two main divisions:

- (a) a motor vehicle and vehicle leasing and third party finance division which provides integrated used vehicle retail and finance solutions; and
- (b) a personal finance division which provides short-term non-vehicle related finance solutions, including cheque cashing services.

Motor Vehicle and Vehicle Finance Division

The motor vehicle and vehicle finance division operates under the following brands:



MFW is the PRF Group's principal business, accounting for 90% of revenue in FY2012. MFW is a national provider of used vehicle leasing options to the nonconforming consumer market, being those consumers who are not able to obtain credit from traditional sources, via a lease and warranty product.

MFW is a composite of licensed motor vehicle dealerships that currently operate in Queensland, Victoria and New South Wales. MFW offers in-house motor vehicle consumer leases to its customers. The company also owns the rights to the 1300 CAR LOAN, the 13 CAR LOAN, and the 1800 CAR LOAN telephone numbers and associated intellectual property.

The ACC business concentrates on selling vehicles using the traditional method of third party retail finance and cash sales. It commenced trading in August 2010. In FY2012, ACC accounted for 5% of PRF Group revenue. At 30 June 2012, ACC operated from dealerships in north Brisbane, Queensland and west Melbourne, Victoria.

Kwik Finance operates as the collector of receivables for the MFW operation. Kwik Finance does not collect receivables for any entity other than PRF and is not directly involved with providing finance.

PRF has a beneficial interest in a discretionary trust that holds a 50% interest in FAA. In November 2011, FAA was awarded the sole Australian distribution rights for Foton passenger vehicles imported from China.

Personal Finance Division

The personal finance division operates under the AMX Money ("AMX") brand.



AMX provides short-term finance solutions and cheque cashing services to customers within Australia. AMX accounted for 5% of PRF Group revenue in FY2012.

At 30 June 2012, there were 22 AMX-operated centres in Queensland, New South Wales, and the Northern Territory. At 30 June 2012, PRF fully owned 10 centres and had partnerships in another four centres. The remaining eight centres were held by franchisees which contribute royalties to PRF.

5.4 PRF Group Board

The current Board of PRF is comprised as follows:

Peter Llewellyn
LL.M, MAICD
Joint Managing Director & Chairman

Peter co-founded PRF with Rod James and has over 35 years of experience as a commercial lawyer. Peter is Joint Managing Director of PRF and maintains a substantial shareholding.

Roderick James
LMD, MAICD
Joint Managing Director

Rod co-founded PRF with Peter Llewellyn and has over 35 years of experience in the motor vehicle industry. Rod is Joint Managing Director of PRF and maintains a substantial shareholding.

Ronald Tong B.Bus
MBA, MAICD, Dip Ed
Non Executive Director

Ron is Managing Director of TongSing Pty Ltd, a major horticulture export and transport company with extensive Queensland interests. Ron is currently President of the Cairns Chamber of Commerce, and a board member of Advance Cairns.

Kent James
LL.B, Dip.FP
Joint Company Secretary and PRF Legal Counsel

Kent is the Legal Counsel as well as the joint Company Secretary for PRF. Kent started with PRF in May 2011. He has previously managed the risk and compliance function for a range of high profile Australian organisations. He is experienced in managing complaints, litigation, commercial agreements, risk and compliance functions.

Kenneth Brian Wise
MA, ACA (ICAEW)
Chief Financial Officer and Joint Company Secretary

Ken is the Chief Financial Officer as well as the joint Company Secretary for PRF. He started with the company in July 2005. He is a graduate of Cambridge University and a member of the Institute of Chartered Accountants in England & Wales with over 20 years accounting experience.

5.5 PRF Group financial performance

This section sets out the historical financial information of PRF. As this section contains only summarised historical financial information, it is recommended that you read and understand the additional notes and financial information contained in PRF's annual financial statements (which are available on request).

The consolidated financial statements of PRF have been prepared on a going concern basis and the Directors have noted in PRF's 2012 financial report that PRF's ability to continue to operate as a going concern is dependent upon PRF's ability to satisfy conditions imposed by its financiers or extend its finance facilities. The conditions imposed upon PRF are reliant on the successful sale of the motor vehicle division of PRF.

Further, PRF has been advised by its external auditor that the final audit opinion in respect of the financial report for the year ending 30 June 2012 is likely to be a qualified opinion and will include an emphasis of matter in relation to PRF's ability to continue to operate as a going concern. You should refer to PRF's 2012 financial report (which will be lodged with ASIC not less than ten days prior to the Scheme Meeting) for further information in relation to PRF's ability to continue operating as a going concern.

Summary of historical financial performance

The statement of comprehensive income of PRF for the twelve month periods ended 30 June 2010, 30 June 2011, 30 June 2012 and for the eight months ended 28 February 2013 are summarised in the below table.

	Audited Actual Year ended 30-Jun-10 (\$ '000)	Audited Actual Year ended 30-Jun-11 (\$ '000)	Unaudited Actual Year ended 30-Jun-12* (\$ '000)	Unaudited Actual 8 Months to 28-Feb-13 (\$ '000)
Revenue	92,643	85,546	88,716	59,612
Total Revenue	92,643	85,546	88,716	59,612
Cost of Sales	(63,923)	(59,316)	(62,046)	(42,782)
Gross Profit	28,720	26,230	26,670	16,830
Expenses				
Marketing	(1,765)	(1,321)	(1,309)	(908)
Occupancy	(3,331)	(3,175)	(2,762)	(1,484)
Administration	(15,706)	(15,296)	(14,039)	(10,025)
Share of net profit/(loss) of partnerships	303	322	387	321
Share of net profit/(loss) of associates	(90)	(50)	-	-
Impairment Charge	-	-	(29,385)	-
Total expenses	(20,590)	(19,520)	(47,107)	(12,096)
EBITDA	8,130	6,710	(20,437)	4,734
Amortisation	(189)	(131)	(137)	(89)
Depreciation	(238)	(181)	(153)	(88)
EBIT	7,703	6,397	(20,727)	4,556
Finance Costs	(7,611)	(7,436)	(6,604)	(5,223)
Income tax Benefit/(Expense)	(57)	218	(629)	191
NPAT	35	(821)	(27,960)	(476)

**The financial statements for the 12 month period ended 30 June 2012 are based on results expected to be included in the audited financial statements.*

Key points to note in relation to the financial performance of PRF set out in the table above include:

- (a) revenue decreased from \$92.6 million in 2010 to \$85.5 million in 2011, primarily due to an 11.4% decrease in the number of lease contracts through MFW. The number of lease contracts decreased by a further 20.1% in 2012, however this was offset by growth achieved in the ACC business which led to a net increase in revenues to \$88.7 million;
- (b) the number of lease contracts through MFW was significantly impacted by PRF having to enter into a debt reduction arrangement with CBA, the company's senior lender, in 2009. The lower levels of finance available and the debt repayment obligations have constrained PRF's business operations;
- (c) the impairment charge of \$29.4 million recorded in FY2012 relates to impairment on the motor vehicle division net assets to reflect the difference between the book value of the division and the fair value of the division which was estimated as part of the proposed sale to Marubeni; and
- (d) the administration expense item includes employee salaries and rental expense on operating leases.

Summary of historical financial position

The table below sets out PRF's audited statements of financial position as at 30 June 2010, 30 June 2011 and unaudited statements of financial position at 30 June 2012, as well as the company's unaudited statement of financial position as at 28 February 2013.

Certain adjustments and modifications have been made to the classification of certain assets and liabilities between 'current' and 'non current' in the unaudited management accounts as at 28 February 2013 to be consistent with prior years. These adjustments have no impact on the overall net assets of PRF as at 28 February 2013 and were made only to allow comparisons to prior years.

	Audited Actual As at 30-Jun-10 (\$ '000)	Audited Actual As at 30-Jun-11 (\$ '000)	Unaudited Actual As at 30-Jun-12* (\$ '000)	Unaudited Actual As at 28-Feb-13 (\$ '000)
Current Assets				
Cash and cash equivalents	1,264	1,070	774	659
Trade and other receivables	41,699	41,102	35,188	35,410
Inventories	5,636	4,170	3,088	2,103
Deferred tax assets	391	-	-	-
Other current assets	337	364	316	158
Total Current Assets	49,328	46,705	39,366	38,330
Non-Current Assets				
Trade and other receivables	51,222	49,769	58,164	58,532
Investments in partnerships	619	566	645	757

	Audited Actual As at 30-Jun-10 (\$ '000)	Audited Actual As at 30-Jun-11 (\$ '000)	Unaudited Actual As at 30-Jun-12* (\$ '000)	Unaudited Actual As at 28-Feb-13 (\$ '000)
Properties, plant and equipment	1,227	1,028	850	803
Deferred tax assets	20,781	24,187	32,081	32,978
Goodwill and other intangible assets	8,307	8,196	8,292	8,246
Total Non-Current Assets	82,156	83,746	100,033	101,376
Total Assets	131,484	130,451	139,399	139,646
Current Liabilities				
Trade and other payables	3,828	5,095	5,032	4,352
Borrowings	58,852	14,417	13,300	54,022
Current tax liabilities	65	8	7	(6)
Short-term provisions	806	603	29,989	30,065
Total Current Liabilities	63,551	20,123	48,328	88,433
Non-Current Liabilities				
Borrowings	14	40,018	40,180	-
Deferred tax liabilities	16,973	20,150	28,667	29,373
Long-term provisions	136	164	188	280
Total Non-Current Liabilities	17,123	60,332	69,035	29,653
Total Liabilities	80,674	80,455	117,363	118,086
Net Assets	50,810	49,996	22,036	21,560
Equity				
Issued Equity	33,374	33,374	33,374	33,374
Reserve	466	473	473	473
Retained profits	16,970	16,149	(11,811)	(12,287)
Total Equity	50,810	49,996	22,036	21,560

**The financial statements for the 12 month period ended 30 June 2012 are based on results expected to be included in the audited financial statements.*

Key points to note in relation to the financial position of PRF set out in the table above include:

- (a) during FY2012, PRF breached covenants attached to its senior debt facility held by the CBA and was in default under the mezzanine debt facility which is held by Keybridge. As at 28 February 2013, PRF's debt facilities are classified as current liabilities;
- (b) total current and non-current borrowings decreased from \$58.9 million as at 30 June 2010 to \$53.5 million as at 30 June 2012 as operating cash inflows were utilised to retire debt during the years to meet the requirements of PRF's financiers. The debt balance as at 28 February 2013 has increased to \$54.0 million due to the capitalisation of interest payments relating to the Keybridge Facility;
- (c) the increase in short term provisions from \$0.6 million in FY2011 to \$29.5 million in FY2012 relates to an impairment provision reflecting the difference between the book value of the division and the fair value of the division represented by the expected sale proceeds arising from the proposed sale to Marubeni; and
- (d) in FY2012, net assets reduced by approximately \$27.5 million compared to FY2011, largely due the impairment provision of \$29.5 million. Apart from the impairment

provision balance recorded in the FY2012 financial statements, PRF's net assets as shown in the financial statements have been relatively stable at approximately \$50.0 million over the past three financial years.

Within the knowledge of the Board, and other than disclosed in this Scheme Booklet, the financial position of PRF has not materially changed since 28 February 2013.

5.6 PRF capital structure

At the date of this Scheme Booklet, there are 172,191,089 PRF Shares on issue. PRF Shareholders holding a substantial shareholding (of equal to or greater than 5% of the total number of votes) were as follows:

Shareholder	No. of PRF Shares held	% voting power
Dyna Pty Ltd <Dyna A/C>	52,931,683	30.74%
PCL Investments Pty Ltd <Red Dragon A/C>	43,931,683	25.51%
Peter Elfyd Llewellyn & Christina Jonna Mary Llewellyn <Llewellyns Superannuation Fund>	9,000,000	5.23%
Wizardcorp Pty Ltd <GS Investment Services Trust No 4 A/C>	15,798,726	9.18%

Dyna Pty Ltd is a Related Entity of Rod James who is a Director.

PCL Investments Pty Ltd and the Llewellyns Superannuation Fund are each Related Entities of Peter Llewellyn who is a Director.

A summary of total number of shares held by the Directors or their respective Related Entities is set out below.

Director	Number of Shares held	Voting Power
Peter Llewellyn	54,796,125	31.8%
Rod James	54,796,125	31.8%
Ron Tong	3,252,733	1.9%
Total	112,844,983	65.5%

5.7 Recent Trading in PRF Shares

There have been only a limited number of share trades in recent years and these trades have generally occurred between related parties.

In the nine month period prior to the date of this Scheme Booklet the following transfers of PRF Shares have occurred.

Transferor	Transferee	No. of Shares	Price per share	Date of transfer
Staneric Pty Ltd <Staneric Investment Trust>	Storm Sharyn Uechtritz	75,070	\$0.03	06/08/12

Transferor	Transferee	No. of Shares	Price per share	Date of transfer
Mr Robert John Conway & Mrs Maria Annette Conway <R J Conway Super Fund A/C>	Robero Pty Ltd <R J Conway Super Fund A/C>	30,028	N/A	19/10/12
Ellerston Capital Limited	HSBC Custody Nominees (Australia) Limited - GSCO ECA	6,005,609	N/A	23/10/12
Easton West Pty Ltd	Rainy Mountain Pty Ltd	1,201,122	\$0.01	05/02/13

5.8 PRF Constitution

The rights attaching to PRF shares are detailed in PRF's Constitution. The following is a summary of the key provisions of the Constitution.

Transfer of PRF Shares

All PRF Shares may be transferred in any manner required or permitted by regulatory requirements and by any instrument in writing in any usual or common form or in any other form that the Board approves. As PRF is not listed on the ASX, the Board may, in its absolute discretion and without assigning any reason, refuse to register or prevent or interfere with the registration of a transfer of PRF Shares.

The Directors have confirmed that, if the Scheme becomes Effective, they intend to register the transfer of the PRF Shares to Keybridge.

Disposal of main undertaking

Rule 19.7 of PRF's Constitution requires PRF Shareholder approval for any sale or disposal of PRF's main undertaking. Such approval was the subject of the meeting previously convened by notice of meeting dated 7 January 2013 and cancelled by notice to PRF Shareholders on 5 February 2013 whereby PRF Shareholder approval was required for the Marubeni Sale.

The Directors do not consider that the proposed transfer of PRF Share to Keybridge pursuant to the Scheme requires the consent of PRF Shareholders pursuant to rule 19.7 of the PRF Constitution on the basis that the Scheme does not contemplate the sale or disposal of PRF's car leasing or finance businesses, and that the Scheme is required to be approved by the requisite majority of PRF Shareholders at the Scheme Meeting.

6 About Keybridge

6.1 Overview

Keybridge Capital was established in October 2006 and is a listed financial services company that has invested in, or lent to, transactions backed by real assets, financial assets or cash flow. Its major asset classes are currently aviation, lending, property, private equity and infrastructure.

6.2 Keybridge group structure

Keybridge is the ultimate head company of the Keybridge Group with the following wholly owned subsidiaries:

Significant subsidiaries	Country of incorporation
Bridge Property Investments Pty Limited	Australia
Pacific Bridge Cyprus Limited	Cyprus
Bridge Financial Pty Limited	Australia
MB Finance Pty Limited	Australia
Keybridge Funds Management Pty Limited	Australia

6.3 Keybridge business and operations

Keybridge was established in October 2006 as a listed investment company specialising in providing its shareholders with a listed (and hence liquid) exposure to long term alternate assets via a portfolio of loans and investments exposed to assets in aviation, lending, shipping, property, private equity and infrastructure sectors.

Origination of the transactions in which Keybridge participated was generated from selected industry partners with demonstrated expertise relevant to the respective asset class. The role of these partners was that of transaction origination and asset management, together with ultimate lessee/client interface and in some cases, equity or co-equity investment.

Keybridge's participation in these asset backed transactions comprised senior loans (ranking in priority ahead of other creditors and equity) and equity, with Keybridge being the owner, or co-owner, of the relevant asset and mezzanine loans, or preference equity, ranking ahead of equity, but behind senior debt. In most transactions, Keybridge has lent to single purpose bankruptcy remote entities that are established to own the physical assets, be they ships, property projects or renewable electricity facilities, borrower limited recourse asset specific debt and derive income being generated by the lease or use of those assets by third party operators (e.g. shipping companies).

Keybridge has recently received USD29.7 million from the sale of its last remaining aircraft investment and has repaid its corporate debt facility which currently stood at USD19 million.

With the full retirement of Keybridge's corporate debt, Keybridge intends to consider the strategic direction of the company. The likely options range from a continuation of the gradual wind down process over an appropriate period to a reinvigoration of the company by a capital raising and recommencement of investment activities. The board of Keybridge will continue to keep Keybridge shareholders fully informed as this process develops.

6.4 Keybridge board

Peter Wood Chairman

BEC, LLB, Sydney University

Appointed independent non-executive director of Keybridge Capital Limited in October 2010 and became chairman in April 2012. Peter Wood has extensive experience in aircraft leasing and general aviation. Previously Peter was executive vice president and a board member of Ansett Worldwide Aviation Services, one of the largest aircraft lessors in the world. Peter currently holds an executive position with ASX-listed aviation company, PTB Group Limited, and is a member of the investment committee of the Investec Global Aircraft Fund. Originally Peter worked as a lawyer with a Sydney firm before spending two years with Norton Rose in London.

Nicholas Bolton Executive Director

Appointed non-executive director of Keybridge Capital Limited in December 2011. Nicholas Bolton is the sole director of Keybridge's largest shareholder, Australian Style Group Pty Ltd. He established the ASG group of companies in 2004 and is an active investor in various ASX-listed entities and private companies. Investments have been made by ASG and related parties in a range of business enterprises in the IT sector, as well as active roles in a variety of listed entities including Brisconnections, MMC Contrarian Ltd, Mirvac Property Trust and Brookfield Multiplex Prime Property Fund. Nicholas maintains an active investment presence in both listed and private companies, with the focus of delivering superior returns from active management of, and engagement with, those companies to assist in new business strategy, new capital funding sources and innovative solutions to challenging issues.

William Brown Non-executive Director

Mr Brown has experience as a commercial lawyer and senior executive in both private practice and in-house legal and management roles. Bill's areas of expertise include mergers and acquisitions, corporate governance and regulated industries. Bill is currently a principal with Rockwell Bates and the independent member of Crown Limited's Gaming Compliance Committee. Bill previously worked with Lander & Rogers, Tabcorp Holdings Ltd and Star City Holdings.

Robert Moran Non-executive Director

Mr Moran has been involved as a principal investor for over 13 years at a board and strategic level in a variety of businesses and sectors and taking an active involvement in the underlying businesses. He is experienced in investment banking activities, including financings, capital raisings, mergers and acquisitions and has practiced corporate and commercial law at a senior level.

Adrian Martin Company Secretary

Adrian is a certified practicing accountant and holds a BComm from the University of Western Sydney and a Masters of Business Administration from Deakin University. Adrian was appointed to the position on 1 April 2010. He also holds the position of Financial Controller. Before joining Keybridge in 2007, Adrian was employed by Allco Finance Group as a Senior Finance Manager, working initially with Record Investments and later in the Funds Management Division. Prior to Allco Finance Group, Adrian worked in the United Kingdom in various senior commercial roles and at Unilever Australia in the areas of logistics and finance.

6.5 Keybridge financial performance

This section sets out the historical financial information of Keybridge. As this section contains only summarised historical financial information, it is recommended that you read and understand the additional notes and financial information contained in Keybridge's annual reports for the relevant periods.

Summary of historical financial performance

The statement of comprehensive income of Keybridge for the twelve month periods ended 30 June 2010, 2011, 2012, and the six months ended 31 December 2012 are summarised in the table below.

	Audited Actual Year ended 30-Jun-10 (\$ '000)	Audited Actual Year ended 30-Jun-11 (\$ '000)	Audited Actual Year ended 30-Jun-12 (\$ '000)	Reviewed Actual Six Months to 31-Dec-12 (\$ '000)
Fees income	1,074	966	280	97
Interest income	20,906	6,010	10,219	2,934
Unrealised gain/loss on investment	(90)	466	2,153	611
Other income	5,599	3,894	918	264
Total Revenue	27,489	11,336	13,570	3,906
Expenses				
Net impairment expenses	(25,433)	(16,071)	(11,446)	(3,591)
Gain/(loss) on foreign currency assets	(17,608)	(36,729)	5,097	(942)
Administration expenses	(590)	(646)	(638)	(180)
Employment costs	(2,687)	(2,583)	(1,471)	(397)
Legal and professional fees	(1,188)	(1,112)	(480)	(371)
Net unrealised loss on embedded derivatives	(7,759)	-	-	-
Net changes in fair value of cash flow hedges	(5,270)	(1,692)	-	-
Unrealised foreign exchange gain/(loss) on foreign currency borrowings	11,236	22,866	(4,860)	864
Interest expense	(15,586)	(11,144)	(2,270)	(1,246)
Income tax benefit/(expense)	(12,305)	1,934	-	(427)
Other expenses	(192)	(202)	(217)	(128)
Total expenses	(77,382)	(45,379)	(16,285)	(6,418)
Net profit (loss) after tax	(49,893)	(34,043)	(2,715)	(2,512)

Key points to note in relation to the financial performance of Keybridge set out in the table above include:

- (a) Keybridge's net loss after tax in FY2012 was \$2.7 million, which represents an improvement of \$31.3 million compared to FY2011. This can be attributed to several factors, including a reduction in impairment expenses, the gain on foreign currency

assets throughout the year, the lower interest expense as a result of reducing the levels of corporate debt, and lower employee costs from the reduction in staff numbers by approximately 40%;

- (b) Keybridge incurred substantial impairment expenses in each of the periods shown, primarily due to the continued weakness in aviation and shipping segments which has led Keybridge to write down its assets. We note that the impairment expense incurred has been decreasing each year and has decreased from \$25.4 million for the year ended 30 June 2010 to \$11.4 million for the year ended 30 June 2012;
- (c) Interest expense has decreased from \$11.1 million for the year ended 30 June 2011 to \$2.3 million for the year ended 30 June 2012 due to the continual reduction of interest bearing debt and a lower interest rate paid on borrowings in 2012 (4.4% per annum in 2012 and 9.6% per annum in 2011). The decrease in Keybridge's cost of debt in 2012 was driven largely by the expiry of some interest rate swaps; and
- (d) Keybridge's legal costs decreased by 66% from \$1.1 million for the year ended 30 June 2011 to \$0.4 million in the six months to December 2012. The higher expenses in prior years related to certain investments which required significant legal support and advice.

Summary of historical financial position

The statements of financial position of Keybridge as at 30 June 2010, 30 June 2011, 30 June 2012 and 31 December 2012 are summarised in the table below.

	Audited Actual Year ended 30-Jun-10 (\$ '000)	Audited Actual Year ended 30-Jun-11 (\$ '000)	Audited Actual Year ended 30-Jun-12 (\$ '000)	Reviewed Actual Six Months to 31-Dec-12 (\$ '000)
Current Assets				
Cash and cash equivalents	6,136	5,040	2,522	1,597
Trade and other receivables	543	273	851	20
Loans and receivables - net of impairment	40,075	17,335	32,181	16,427
Other investments	990	1,456	1,339	1,950
Other assets	54	61	230	131
Total Current Assets	47,798	24,165	37,123	20,125
Non Current Assets				
Loans and receivables - net of impairment	184,646	126,105	47,874	49,792
Properties, plant and equipment	387	259	131	73
Total Non Current Assets	185,033	126,364	48,005	49,865
Total Assets	232,831	150,529	85,128	69,990
Current Liabilities				
Trade and other payables	4,302	1,373	479	668
Interest bearing liabilities	145,120	99,709	38,813	26,000
Derivative liabilities	4,754	-	-	-
Total Liabilities	154,176	101,082	39,292	26,668

	Audited Actual Year ended 30-Jun-10 (\$ '000)	Audited Actual Year ended 30-Jun-11 (\$ '000)	Audited Actual Year ended 30-Jun-12 (\$ '000)	Reviewed Actual Six Months to 31-Dec-12 (\$ '000)
Net Assets	78,655	49,447	45,836	43,322
Equity				
Share capital	260,651	260,651	260,651	260,651
Reserves	(3,279)	1,557	-	-
Retained Profits	(178,718)	(212,761)	(214,816)	(217,329)
Total Equity	78,654	49,447	45,835	43,322

Key points to note in relation to the financial position of Keybridge set out in the table above include:

- (a) Over the past three years, Keybridge has reduced interest bearing liabilities from \$145.1 million in 2009 to \$26.0 million as at 31 December 2012. As at the date of this Scheme Booklet, Keybridge has fully repaid its corporate debt facility;
- (b) Keybridge's investment portfolio consists of the company's current and non-current loans and receivables net of impairment, and other investments. The sum of these assets decreased by 53.0% from \$145.0 million in 2011 to \$68.2 million as at 31 December 2012, and thus, reflects a significant reduction in Keybridge's capital investments. The majority of reductions came from impairments and the realisation of Keybridge's aviation assets with the remainder from the company's lending and, to a lesser extent, shipping assets; and
- (c) Keybridge's investment portfolio assets are reported net of impairment provisions. We note that the company had total impairment provisions of approximately \$43.3 in June 2011 and \$29.4 million at June 2012. As at December 2012, Keybridge continued to have an impairment provision balance of \$31.8 million. For completeness, we note that a financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Over the three years, impairment provisions have been largely set against Keybridge's aviation, infrastructure, and shipping classes of assets. Further information regarding movements in Keybridge's impairment provision balances can be found in Keybridge's financial reports.

Since 31 December 2012:

- (a) Keybridge has received USD29.7 million from the sale of its last remaining aircraft investment and has repaid its corporate debt facility which currently stood at USD19 million;
- (b) the net asset position of Keybridge has reduced to \$43.6 million (based on 31 December carrying values of assets) including a provision for the potential payment of \$4.35 million in franking deficit tax (which payment if required would be met from cash reserves);
- (c) its \$12 million mezzanine loan to PRF has stopped performing; and

- (d) Keybridge has sold its private equity asset to Republic Finance Corporation (RFC) in return for a limited recourse loan (recourse limited to the asset sold) to RFC with interest payable to Keybridge at 14.5% per annum and a maturity date of 31 December 2017.

Within the knowledge of the Board, and other than disclosed in this Scheme Booklet (in particular as set out above), the financial position of Keybridge has not materially changed since 31 December 2012.

6.6 Keybridge capital structure

Details of the Post Scheme Keybridge Group's capital structure following the implementation of the Scheme are set out in Section 7.

The table below sets out Keybridge's current capital structure on the date of this Scheme Booklet:

Issued and fully paid ordinary shares	172,070,564
Issued but unpaid and unquoted ordinary shares*	5,975,000
Total	178,045,564

**There are 5,975,000 issued shares which related to Keybridge's director and employee share scheme. The director and employee share scheme has now been cancelled due to all grants expiring and all shares surrendered back to the trustee of the share scheme. There are no other shares issued and not paid.*

The analysis of numbers of Keybridge shareholders by size of holding (as at 18 April 2013) was as follows:

Shareholding Range	Number of Holders	Number of Shares	% of issued shares*
1 – 1,000	173	84,444	0.05
1,001 – 5,000	465	1,341,913	0.75
5,001 to 10,000	275	2,171,846	1.22
10,001 to 100,000	544	18,872,430	10.60
100,001 and over	164	155,574,931	87.38
Total	1,621	178,045,564	100.00

**Includes unquoted ordinary shares which may be cancelled by Keybridge.*

The names of the 20 largest Keybridge shareholders at 18 April 2013 are as follows:

Shareholder	Number of Shares	% Held*
Oceania Capital Partners Limited	34,396,358	19.32
Australian Style Group Pty Ltd	33,853,398	19.01
J P Morgan Nominees Australia Limited	8,353,974	4.69
RBC Investor Services	6,000,000	3.37
MB Finance Pty Ltd <Mariner Bridge Investments Employee Share Scheme A/C>	5,975,000	3.36
Whitechurch Developments Pty Ltd	5,357,838	3.01
Cherryoak Investments Pty Ltd <C & N Family A/C>	4,000,000	2.25
Armada Trading Pty Limited	3,652,194	2.05
Citicorp Nominees Pty Limited	2,580,017	1.45
Mr Patrick Martin Burroughs	2,000,000	1.12

Shareholder	Number of Shares	% Held*
Mr Donald Gordon Mackenzie + Mrs Gwenneth Edna Mackenzie	1,662,000	0.93
Mrs Melinda Jane Miot	1,653,159	0.93
Australian Executor Trustees Limited <No 1 Account>	1,485,675	0.83
Richard Ewan Mews	1,470,581	0.83
Denald Nominees Pty Ltd <Rhayden Super Benefit 1 A/C>	1,200,000	0.67
Mr Stephen Norman Douglas Rowley	1,002,726	0.56
Houvan Pty Ltd	1,000,414	0.56
APPWAM Pty Ltd	1,000,000	0.56
CAFMAC Pty Ltd <AG & SJ Mcharg Pers S/F A/C>	1,000,000	0.56
Depofo Pty Ltd <Super A/C>	1,000,000	0.56
Mr Philip Harold Lewis	1,000,000	0.56
Lornette Pty Ltd <Lornette Super Fund A/C>	1,000,000	0.56
Universal Action Pty Ltd	1,000,000	0.56
Mr James John Clive Rodda	820,044	0.46
T J & J Robinson Holdings Pty Ltd <Robinson Super Fund A/C>	810,000	0.45
Total	121,183,317	68.04

**Includes unquoted ordinary shares which may be cancelled by Keybridge.*

As at 18 April 2013, the following parties were substantial holders of Keybridge shares:

Shareholder	No. of shares	% held*
Oceania Capital Partners Limited	34,396,358	19.32
Australian Style Group Pty Ltd	33,853,398	19.01

**Includes unquoted ordinary shares which may be cancelled by Keybridge.*

6.7 Keybridge Shares

Set out below is a summary of rights attaching to Keybridge Shares as set out in the Keybridge constitution. This is a summary and does not purport to be an exhaustive or definitive statement of the rights and liabilities of shareholders. Shares issued by Keybridge are subject to its constitution, the Corporations Act and ASX Listing Rule requirements. The rights attaching to Keybridge's shares are conventional and are consistent with ASX Listing Rule requirements.

A copy of Keybridge's constitution is available for inspection at Keybridge's registered office during normal business hours. Keybridge Shares issued as consideration under the Scheme will be fully paid and rank equally with existing fully paid Keybridge Shares.

Variation of class rights

The rights attached to any class of Keybridge Shares, unless otherwise provided for by the terms of issue, may only be varied or cancelled with the consent in writing of the holders of three-quarters of the issued shares in the relevant class, or with the sanction of a special resolution passed at a meeting of the holders of the shares within that class. Keybridge may vary rights attached to Keybridge Shares by the issue of new shares having different rights to the Keybridge Shares, without Keybridge shareholder approval being specifically required for the variation.

Further issues of Keybridge Shares

Except as provided by contract or the Keybridge constitution, all unissued Keybridge Shares are under the control of Keybridge board, which may grant options on the Keybridge Shares or issue or otherwise dispose of the Keybridge Shares on the terms and conditions and for the consideration it thinks fit. Without affecting any special rights conferred on any Keybridge shareholder, any Keybridge Share may be issued with any rights or terms as the Keybridge board may determine.

Winding Up

If Keybridge is wound up, the liquidator may, with the approval of Keybridge shareholders by special resolution, divide among all or any of the Keybridge shareholders in specie or kind any part of Keybridge's assets. The division may be carried out as the liquidator thinks fit, subject to the rights of Keybridge shareholders with special rights in a winding up. If a division is made otherwise than in accordance with the legal rights of a Keybridge shareholder, and such shareholder is prejudiced by that division, that shareholder has a right to dissent. Any dissenting Keybridge shareholder will have ancillary rights as if the determination of the division were a special resolution passed under the Corporations Act relating to the sale or transfer of a company's assets by a liquidator in a voluntary winding-up.

Voting

Unless otherwise determined by the chairman, and subject to certain exceptions, on a show of hands each shareholder present in person or by representative, attorney or proxy shall have one vote and on a poll every such person shall have one vote for every fully paid ordinary Keybridge Share held by them. If the votes are equal on a proposed resolution, the chairman of the meeting has the casting vote, in addition to any deliberative vote.

Dividends

Keybridge may, from time to time, determine that a dividend is payable to shareholders entitled and fix the amount, time and method for payment.

No ordinary dividends have been declared or paid in respect of financial years 2012 or 2011.

Transfer of Keybridge Shares

Keybridge Shares may be transferred by written transfer properly stamped (if necessary) or in any manner permitted or required by regulatory requirements, subject to any other restrictions in the Keybridge constitution or the terms of issue of the Keybridge Shares. The Keybridge Board may refuse to register a transfer of Keybridge Shares in certain circumstances.

General Meeting

Each shareholder entitled to vote is entitled to receive notice of general meetings of Keybridge and, subject to the requirements in Keybridge's constitution, attend and vote at Keybridge's general meetings.

6.8 Continuously disclosing entity

Keybridge is a "disclosing entity" for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. As a listed company, Keybridge is also subject to the ASX Listing Rules, which require (subject to limited exceptions) continuous disclosure to the market of any information of which Keybridge is aware that a reasonable person would expect to have a material effect on the price or value of its securities. Documents lodged with ASIC in relation to Keybridge may be obtained from, or inspected at the offices of ASIC. Information

publicly disclosed to ASX by Keybridge is available from ASX. To obtain further information, contact your broker or financial adviser or go to www.asx.com.au (ASX code: KBC).

The headlines of continuous disclosure notices given by Keybridge to ASX since 1 January 2013 are set out in the following table. All of these notices are available from www.asx.com.au.

Date	Description of announcement
1/05/2013	Sale of Aircraft and Full Repayment of Corporate Debt Facility
11/04/2013	Becoming a substantial holder
10/04/2013	Quarterly Update
02/04/2013	Keybridge and PRFG Scheme of Arrangement
02/04/2013	Tax Refund from 2008 Financial Year
26/03/2013	Trading Halt
25/02/2013	Final Director's Interest Notice
20/02/2013	Half Year Presentation
20/02/2013	Half Year Accounts
20/02/2013	Half Year Results
20/02/2013	Appendix 4D
05/02/2013	Market Update
17/01/2013	Quarterly Update
02/01/2013	Initial Director's Interest Notice
02/01/2013	Initial Director's Interest Notice

6.9 Keybridge directors' intentions

The Keybridge board's present intention (recognising that this may change in due course) is to make no change in respect of PRF other than in the normal course of business in relation to each of the following:

- (a) the continuation of the business of PRF;
- (b) the use of the fixed assets of PRF; or
- (c) the future employment of the present employees of PRF.

Following the implementation of the Scheme, Peter Llewellyn and Rod James will each be engaged as independent contractors by Keybridge on an annual contractor fee of A\$400,000 payable weekly on a pro-rata basis (reduced from their current annual salary of A\$710,000).

Available information

The above statements of intention are based on information concerning Keybridge and PRF known by Keybridge at the time of preparation of this Scheme Booklet. It should be recognised that the following statements are statements of current intention and are subject to change as new information becomes available or as circumstances change.

Further information on Keybridge and its business segments can be found in section 6.0 of the Independent Expert's Report.

7 About the Post Scheme Keybridge Group

7.1 Overview

Keybridge has actively managed an orderly realisation of its investment portfolio in order to reduce debt outstanding over the past four years. As at the date of this the date of this Scheme Booklet, Keybridge has fully repaid its corporate debt which has enabled it to consider its options for activity beyond the full repayment of this debt.

Keybridge has a strong in-house ability to undertake asset refinancings and recapitalisations, asset work-outs, active management of distressed assets as well as the ability and responsiveness to preserve asset values efficiently and effectively.

7.2 Vision

The Keybridge Group intends to continue to manage its remaining portfolio of investments, which would include the businesses of the PRF Group in a manner which is consistent with the practices it has developed and that it currently employs. As set out in section 6.9, in respect of the PRF Group, the Keybridge board's present intention is to make no change other than in the normal course of business in relation to each of the following:

- (a) the continuation of the business of PRF;
- (b) the use of the fixed assets of PRF; or
- (c) the future employment of the present employees of PRF.

Following the implementation of the Scheme, Peter Llewellyn and Rod James will each be engaged as independent contractors by Keybridge on an annual contractor fee of A\$400,000 payable weekly on a pro-rata basis (reduced from their current annual salary of A\$710,000).

7.3 Post Scheme Keybridge Group

PRF would become a 100% wholly-owned subsidiary of Keybridge.

Significant subsidiaries	Country of incorporation
Bridge Property Investments Pty Limited	Australia
Pacific Bridge Cyprus Limited	Cyprus
Bridge Financial Pty Limited	Australia
MB Finance Pty Limited	Australia
Keybridge Funds Management Pty Limited	Australia

Significant subsidiaries	Country of incorporation
PR Finance Group Limited	Australia

7.4 Board

The Board of Keybridge will remain as per its current composition. Refer to section 6.4 of the Scheme Booklet for details of the Keybridge board.

7.5 Post Scheme Keybridge Group Capital Structure

Keybridge's fully paid ordinary shares currently on issue	172,070,564
Issued but unpaid and unquoted ordinary shares*	5,975,000
Transaction consideration in relation to the Scheme in the form of fully paid ordinary shares	2,500,000
Total of Keybridge's fully paid and unpaid ordinary shares on issue following implementation of the Scheme:	180,545,564

*There are 5,975,000 issued shares which related to Keybridge's director and employee share scheme. The director and employee share scheme has now been cancelled due to all grants expiring and all shares surrendered back to the trustee of the share scheme. There are no other shares issued and not paid.

7.6 Post Scheme Keybridge Group consolidated balance sheet

The pro forma balance sheet below summarises the pro forma financial position for the Post Scheme Keybridge Group as at 31 December 2012. The pro forma balance sheet presented in this section is for illustrative purposes only.

(a) Basis of preparation

The pro forma statement of financial position has been prepared by PRF and Keybridge management and is based on an aggregation of the 31 December 2012 balance sheets for PRF (extracted from the half year management report for the year ended 31 December 2012) and Keybridge (extracted from the half year financial report for the year ended 31 December 2012) with a number of pro forma adjustments outlined below.

Broadly, the pro forma balance sheet has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, International Financial Reporting Standards and the Corporations Act. The pro forma balance sheet is presented in an abbreviated form insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

No formal purchase price allocation process has yet been undertaken with respect to accounting for Keybridge's acquisition of PRF. The pro forma balance sheet assumes that Keybridge acquires the assets and liabilities of PRF at their values from the 31 December 2012 balance sheet and ignores any value attributable to the transaction. There is an assumption that no goodwill is generated by increasing the impairment provision pending full purchase price acquisition review. The elimination of the PRF loan from Keybridge is based on the removal of the full loan against 'KBC current loans and receivables'.

The pro forma balance sheet should be read in conjunction with other information contained in this Scheme Booklet and the accounting policies of PRF and Keybridge as disclosed in their most recent financial reports and having regard to the matters which have occurred in respect of PRF and Keybridge since 31 December 2012 as set out in sections 5 and 6 of this Scheme Booklet.

(b) Impact of proposed merger

Following implementation of the Scheme, there will be no material change in control of Keybridge as a result of the Scheme. No single shareholder will obtain or lose a controlling interest in Keybridge as a result of the Scheme. The largest shareholder in Keybridge currently holds a 19.32% interest in Keybridge. Assuming no change in individual holdings, the same shareholder will hold a 19.05% interest once the Scheme is implemented.

The Scheme will result in Keybridge holding all the issued share capital in PRF. The Scheme will have a material effect on control of PRF.

Post Scheme Keybridge Group consolidated balance sheet
At 31 December 2012

	Impairment provision & reallocations		PRFG Adjusted 31-Dec-12 \$'000	KBC Balance Sheet 31-Dec-12 \$'000	Consolidation eliminations				Post deal balance sheet 31-Dec-12 \$'000
	PRFG Unaudited 31-Dec-12 \$'000	31-Dec-12 \$'000			PRFG Combined 31-Dec-12 \$'000	Acquisition cost 31-Dec-12 \$'000	Fair value adjustment 31-Dec-12 \$'000	Eliminate PRFG loan 31-Dec-12 \$'000	
CURRENT ASSETS									
Cash assets	216		216	1,597	1,813	(1,500)			313
Receivables **	35,194		35,194	16,447	51,641		(13,361)		38,280
Inventories (net of provisions)	2,079		2,079	-	2,079				2,079
Other investments	-		-	1,950	1,950	2,000	(2,000)		1,950
Other	237		237	131	368				368
TOTAL CURRENT ASSETS	37,726	-	37,726	20,125	57,851	500	- 2,000	- 13,361	42,990
NON-CURRENT ASSETS									
Receivables **	59,994		59,994	49,792	109,786				109,786
Investments in partnerships & associates	650		650	-	650				650
Property, plant and equipment	812		812	73	885				885
Deferred tax assets	33,381		33,381	-	33,381				33,381
Intangible assets	8,262		8,262	-	8,262				8,262
TOTAL NON-CURRENT ASSETS	103,099	-	103,099	49,865	152,964	-	-	-	152,964
TOTAL ASSETS	140,825	-	140,825	69,990	210,815	500	(2,000)	(13,361)	195,954
CURRENT LIABILITIES									
Bank Overdraft	-		-	-	-				-
Payables	5,260		5,260	668	5,928				5,928
Short-term borrowings	79	53,361	53,440	26,000	79,440		(13,361)		66,079
Current income tax liabilities	- 4		(4)	-	(4)				(4)
Provisions	682	29,845	30,527	-	30,527		19,297		49,824
TOTAL CURRENT LIABILITIES	6,017	83,206	89,223	26,668	115,891	-	19,297	(13,361)	121,827
NON-CURRENT LIABILITIES									
Long-term borrowings	53,541	- 53,361	180	-	180				180
Deferred tax liabilities	29,858		29,858	-	29,858				29,858
Provisions	267		267	-	267				267
TOTAL NON-CURRENT LIABILITIES	83,666	(53,361)	30,305	-	30,305	-	-	-	30,305
TOTAL LIABILITIES	89,683	29,845	119,528	26,668	146,196	-	19,297	(13,361)	152,132
NET ASSETS	51,142	(29,845)	21,297	43,322	64,619	500	(21,297)	-	43,822
EQUITY									
Contributed equity	33,374		33,374	260,651	294,025	500	(33,374)		261,151
Reserves	473		473	-	473		(473)		-
Retained profits	17,295	(29,845)	(12,550)	(217,329)	(229,879)		12,550		(217,329)
TOTAL EQUITY	51,142	(29,845)	21,297	43,322	64,619	500	(21,297)	-	43,822
	0	-	0	-	0	-	-	-	0
Statement of Retained Earnings									
Opening Retained Earnings	17,574	(29,385)	(11,811)						
add: Net Profit After Tax	(279)	(460)	(739)						
less: Dividends	-	-	-						
Closing Retained Earnings	17,295	(29,845)	(12,550)						

8 Tax implications of the Scheme

8.1 Introduction

The following is a general summary of the potential Australian income tax and capital gains tax (**CGT**) consequences for PRF Shareholders disposing of PRF Shares under the Scheme. This summary is based on the law and practice in effect on the date of this Scheme Booklet. However, the summary is not intended to provide an authoritative or complete statement of the law applicable to the particular circumstances of every PRF Shareholder. In particular, the summary is only relevant to PRF Shareholders who hold PRF Shares on capital account for investment purposes and only considers the Australian tax position. PRF Shareholders who are residents of or subject to taxation in other countries will also need to obtain advice on the tax consequences of that country.

Each shareholder's circumstances will determine how tax laws apply to them. A shareholder should obtain tax advice from a professional adviser on these issues. The Directors are not licensed under the tax agent services regime and cannot provide tax advice to shareholders.

All PRF Shareholders are advised to seek independent professional advice about their particular circumstances including non-resident shareholders on the foreign tax consequences of the Scheme.

8.2 Australian residents – CGT consequences

CGT event on disposal of PRF Shares

The disposal of PRF Shares will constitute a CGT event for Australian resident PRF Shareholders. The CGT event will occur on the Implementation Date.

PRF Shareholders will derive a capital gain on the disposal of their PRF Shares to the extent the market value of the total consideration received under the Scheme (capital proceeds) exceeds the tax cost base of their PRF Shares. Conversely, PRF Shareholders will incur a capital loss on the disposal of their PRF Shares to the extent that the market value of the total consideration received under the Scheme (capital proceeds) is less than the reduced tax cost base of their PRF Shares.

Capital proceeds received under the Scheme

The capital proceeds received for the disposal of the PRF Shares will include the Initial Scheme Consideration (that is, the cash payment and the market value of Keybridge Shares issued pursuant to the Scheme). The value of the Subsequent Control Transaction Consideration Amount may also form part of the capital proceeds received for the sale of each shareholder's PRF Shares – see further discussion below.

The market value of each Keybridge Share may be calculated as the volume weighted average price of a Keybridge Share on the Implementation Date.

Cost base

Generally, the tax cost base of any PRF Shares will be equal to the consideration paid to acquire the PRF Shares. Other incidental costs incurred by a PRF Shareholder in respect of their acquisition or ownership of PRF Shares (such as borrowing costs) may also be included in the cost base of shares they own.

The sum of all capital gains incurred by a PRF Shareholder in the year in which the Implementation Date occurs, reduced by any capital loss incurred during that year or carried forward from prior years (known as the net capital gain), should be included in the assessable income of the PRF Shareholder.

Alternatively, a PRF Shareholder may make a capital loss on the sale of their PRF Shares to Keybridge, equal to the amount by which the reduced cost base of their PRF Shares is more than the capital proceeds they receive under the Scheme. A capital loss may be used to offset a capital gain made in the same income year or carried forward to offset a capital gain made in a future income year (subject to the satisfaction of certain loss recoupment tests which apply if the PRF Shareholder is a company or trust).

Availability of CGT rollover relief

If a PRF Shareholder would make a capital gain on the disposal of the PRF Shares, they should be eligible to make a choice whether or not to seek CGT rollover relief to defer part of that gain.

If a PRF Shareholder elects to apply CGT rollover relief, the capital gain that they would otherwise make on the disposal of their PRF Shares will be disregarded to the extent that the capital proceeds received are Keybridge Shares. Rollover will not generally be available for the portion of the gain for which cash or subsequent consideration is received.

Where rollover relief is available and chosen, the tax cost base of the Keybridge Shares received by the PRF Shareholder should equal the portion of shareholders' tax cost base of the PRF Shares acquired by Keybridge for which rollover is available. This tax cost base will be allocated on a proportionate basis across the Keybridge Shares received.

The benefit of choosing scrip for scrip rollover relief will depend on the individual circumstances of each PRF Shareholder and therefore PRF Shareholders should discuss this with their tax advisers.

Generally, where PRF Shareholders prepare their income tax returns on the basis that CGT rollover has been applied to the share consideration this will be sufficient evidence of making the choice.

Keybridge as the acquirer may choose to prevent PRF Shareholders obtaining scrip for scrip rollover relief but, in order to do so, must notify the PRF shareholders in writing of this prior to the exchange of shares. Keybridge has advised that it will not act to prevent PRF shareholders obtaining scrip for scrip rollover relief should they choose.

Taxation treatment of Subsequent Control Transaction Consideration Amount

It is likely that the Subsequent Control Transaction Consideration Amount will be an 'earnout' payment for tax purposes.

The capital gains tax treatment of earnout payments is currently uncertain. The government proposed changes to the taxation of earnout payments on 12 May 2010. However, the law has not been amended, nor have any proposed amendments been introduced to Parliament to implement these proposals. Under the proposed amendments, the law may be changed (with retrospective effect) to allow any capital gain related to the Subsequent Control Transaction Consideration Amount to be deferred and calculated only once the ultimate consideration is known. The comments below relate to the current law and the ATO's published view on the application of the current law.

Under the current legislation, the capital proceeds received by PRF Shareholders under the Scheme will include the current market value of the contingent right to obtain the Subsequent Control Transaction Consideration Amount, impacting the current capital gain.

The market value of the Subsequent Control Transaction Consideration Amount should then become the cost base of a new CGT asset acquired at the Implementation Date (i.e. the right to payment of a future amount). If the Subsequent Control Transaction Consideration Amount is ultimately received, the difference between the actual amount received and the market value of the right at the Implementation Date is likely to give rise to a separate capital gain at that future time. Alternatively, if no Subsequent Control Transaction Consideration Amount is ever received by the PRF Shareholders, such that their right to future payment expires for no consideration, a capital loss (equal to the value of the right that was previously subject to CGT) may arise at that later time.

Taxpayers should obtain their own advice as to how CGT will apply to the Subsequent Control Transaction Consideration Amount in their own circumstances.

CGT discount

Any Australian resident PRF Shareholder who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain if their PRF Shares were acquired at least 12 months before disposal under the Scheme.

The CGT discount is applied to the capital gain after any available capital losses are first offset against that capital gain.

A PRF Shareholder that is an individual or the trustee of a trust may discount the capital gain by 50% and include only 50% of the capital gain in the taxable income of that individual or trust.

A PRF Shareholder that is a complying superannuation entity may discount the capital gain by 33 1/3% and include 66 2/3% of the capital gain in the taxable income of that complying superannuation entity.

The CGT discount is not available to a PRF Shareholder that is a company.

PRF Shareholders will make a capital gain equal to the amount by which the capital proceeds are more than the cost base of the PRF Shares the subject of the Scheme. Subject to the availability of CGT relief and any losses available which may offset the capital gain, this amount will be included in the PRF Shareholder's taxable income.

8.3 Australian residents – Implications of holding Keybridge Shares

Subsequent disposal of Keybridge Shares

If a PRF Shareholder sells their Keybridge Shares after the Implementation Date, any gain or loss will be subject to CGT as the Keybridge Shares received by the PRF Shareholder will be an asset for CGT purposes.

For PRF Shareholders who elect for scrip for scrip rollover relief to apply, the cost base or reduced cost base for the Keybridge Shares they own will reflect the cost base or reduced cost base of the PRF Shares that were exchanged by the PRF Shareholder. For the purposes of determining the availability of the CGT discount, the acquisition date for PRF Shareholders who elected for scrip for scrip rollover relief to apply will be the date their original PRF Shares were acquired.

If a scrip for scrip election is not made, the cost base of the Keybridge Shares will be equal to the market value of the replacement Keybridge Shares at the Implementation Date. The CGT discount will only be available once the shareholder has held their Keybridge Shares for at least 12 months.

Dividends from Keybridge

Any dividends and franking credits received from Keybridge should be included in the assessable income of the shareholder. Where the shareholder is a resident individual or complying superannuation fund, and the shareholder has excess franking credits available for the income year, those excess franking credits may be refunded to the shareholder.

Whilst corporate shareholders are not eligible to receive a refund of excess franking credits, they may be entitled to convert any excess credits into a loss that may be used to offset income earned in future years (subject to the satisfaction of the loss utilisation rules).

It is noted that shareholders are generally required to have held their shares 'at risk' for 45 days in order to be eligible for the franking benefits outlined above. Taxpayers should obtain their own advice on the application of these rules to their circumstances.

8.4 Stamp Duty

Neither the sale of PRF Shares, nor the issue of shares in Keybridge should give rise to any stamp duty liabilities for existing PRF Shareholders. However, Keybridge has agreed to pay the stamp duty, if any, in connection with the transfer of PRF Shares under the Scheme.

8.5 Goods and Services Tax (GST)

The sale of PRF Shares by existing shareholders as contemplated will not attract GST. Similarly, no GST will be payable on the acquisition of Keybridge Shares.

Where shareholders are registered or required to be registered for GST, any GST incurred on expenses that relate to the sale of existing shares or acquisition of new shares may not be recoverable if the individual shareholder exceeds the financial acquisitions threshold as set out in the relevant GST legislation. However, a reduced input tax credit equal to 75% of the GST incurred may still be available if the acquisition constitutes a reduced credit acquisition.

Where PRF Shareholders are not registered, or required to be registered for GST, no GST implications should arise in relation to the Scheme.

9 Key terms of the Implementation Agreement

9.1 Overview

PRF and Keybridge entered into the Implementation Agreement on 30 March 2013. The terms of the Implementation Agreement include the following:

- (a) the Conditions Precedent to the Scheme (refer to section 9.2 of this Scheme Booklet);
- (b) the steps that each party must take to implement the Scheme;
- (c) the 'no shop' and 'no talk' arrangements (refer to section 9.5 of this Scheme Booklet); and
- (d) the ability to terminate the Implementation Agreement (refer to section 9.6 of this Scheme Booklet).

The Implementation Agreement is set out in full as Annexure B.

9.2 Conditions Precedent

Implementation of the Scheme is subject to the satisfaction or waiver of the following Conditions Precedent (set out in Schedule 2 of the Implementation Agreement):

Condition	Description	Benefiting party
(a) No prohibitive orders	Prior to 8.00am on the Second Court Date, there being no temporary, preliminary or permanent injunction or other order issued by any Court or other legal restraint or prohibition preventing the Scheme from being completed.	PRF and Keybridge
(b) Shareholder approval	PRF Shareholders resolving to approve the Scheme at the Scheme Meeting, by the requisite majority in accordance with the Corporations Act.	
(c) Independent Expert's Report	The Independent Expert concluding that the Scheme is in the best interests of PRF Shareholders.	PRF and Keybridge
(d) Court approval of Scheme	The Court approving the Scheme in accordance with section 411(4)(b) of the Corporations Act.	
(e) PRF representations and warranties	PRF Warranties being true and correct in all material respects on the date of the Implementation Agreement and, unless otherwise expressly stated in the Implementation Agreement, on each Business Day thereafter until the Second Court Date.	Keybridge
(f) No competing proposal	As at: (i) the date of the Implementation Agreement, PRF has not entered into any agreement, arrangement or understanding with a third party in relation to a Third Party Proposal other than with those parties listed at schedule 8 of the Implementation	Keybridge

Condition	Description	Benefiting party
	<p>Agreement;</p> <p>(ii) the commencement of the Exclusivity Period, PRF has not entered into any agreement, arrangement or understanding with a third party in relation to a Third Party Proposal which remains in force, other than in relation to a Superior Proposal which has been made on or prior to the end of the Negotiation Period; and</p> <p>(iii) 8.00am on the Second Court Date, PRF has not entered into any agreement, arrangement or understanding with a third party in relation to a Third Party Proposal which remains in force.</p>	
(g) Prescribed occurrence and material adverse change not occurring	<p>Between the date of the Implementation Agreement and 8.00am on the Second Court Date, none of the following occurring:</p> <p>(i) PRF Prescribed Occurrence; or</p> <p>(ii) PRF Material Adverse Change.</p>	Keybridge
(h) Extension of CBA Facility	Before 8.00am on the Second Court Date, CBA and PRF extending the maturity date of the CBA Facilities on terms acceptable to Keybridge.	Keybridge
(i) Extension of Keybridge Facility	<p>On or before:</p> <p>(i) 13 May 2013, PRF and Keybridge executing a deed of amendment to the Keybridge Facility in the form of Annexure C to the Implementation Agreement (refer to the summary of the Keybridge Facility Amendment Deed in section 10 of this Scheme Booklet); and</p> <p>(ii) the date of the First Court Hearing, CBA having consented to the entry by PRF into the Keybridge Facility Amendment Deed on terms acceptable to Keybridge and PRF.</p> <p>The parties to the Implementation Agreement have subsequently agreed to extend the time for satisfaction of both limbs of this condition to 8am on the date of the Scheme Meeting.</p>	PRF and Keybridge
(j) CBA approval of Scheme	Before 8.00am on the Second Court Date, CBA consenting to the Scheme on terms acceptable to PRF and Keybridge.	PRF and Keybridge
(k) Amendment of Deloitte engagement terms	Before 8.00am on the Second Court Date, the amendment of the engagement terms between PRF and Deloitte on terms satisfactory to Keybridge.	Keybridge
(l) Extinguishment of directors' liability	Before 8.00am on the Second Court Date, PRF procuring, in a manner and on terms satisfactory to Keybridge, the extinguishment of that amount	Keybridge

Condition	Description	Benefiting party
	of the liability owed to PRF directors, Peter Llewellyn and Rod James, in respect of their contractual entitlement to amounts over and above their capped salary so that the amount of that liability when aggregated does not exceed A\$2,000,000 (refer to section 11.1 of this Scheme Booklet).	
(m) Amendment of directors' contracts	Before 8.00am on the Second Court Date, PRF procuring amendments to the independent contractor agreements of the respective contracting entities of Peter Llewellyn and Rod James on terms satisfactory to Keybridge (refer to section 11.1 of this Scheme Booklet).	Keybridge
(n) Formalisation of loan agreements	Before 8.00am on the Second Court Date, PRF procuring the execution by all relevant parties of loan agreements between PRF and each of Rod James (and his related independent contractor entity) and Peter Llewellyn (and his related independent contractor entity), on terms satisfactory to Keybridge (refer to section 11.1 of this Scheme Booklet).	Keybridge
(o) ASIC approvals and consents	Before 8.00am on the Second Court Date, ASIC gives all approvals and consents, and takes such other steps, as are necessary or desirable to implement the Scheme.	PRF and Keybridge

A Condition Precedent can only be waived with the consent of the party for whom the condition is expressed to be for the benefit of, in that party's absolute discretion. Where a condition is expressed to be for the benefit of both parties, the consent of both parties is required. The Conditions Precedent in (b) and (d) above cannot be waived.

PRF and Keybridge must each provide a certificate to the Court on the Second Court Date confirming (in respect of matters within each party's knowledge) whether all the Conditions Precedent (other than the condition relating to Court approval of the Scheme) have been satisfied or waived in accordance with the terms of the Implementation Agreement.

9.3 Conditions of the Scheme

A summary of the conditions of the Scheme (set out in clause 1.1 of the Scheme) is set out below. The Scheme is conditional on:

- (a) the lodgement with ASIC of an office copy of any Court orders approving the Scheme;
- (b) the Implementation Agreement or the Deed Poll having not been terminated as at 8.00am on the Second Court Date;
- (c) the satisfaction or waiver of all of the Conditions Precedent set out in Schedule 2 of the Implementation Agreement (other than the condition relating to Court approval of the Scheme);
- (d) the requisite majority of PRF Shareholders having approved the Scheme at the Scheme Meeting, with or without modification, in accordance with section 411(4)(a) of the

Corporations Act or, if the Scheme is not agreed to by the requisite majority of PRF Shareholders, the Court orders otherwise in accordance with section 411(4)(a) of the Corporations Act; and

- (e) the approval by the Court of the Scheme, with or without modification, pursuant to section 411(4)(b) of the Corporations Act.

9.4 Status of conditions

As at the date of this Scheme Booklet, PRF is not aware of any circumstances which would cause the Conditions Precedent summarised in section 9.2 not to be satisfied. PRF will, prior to the Scheme Meeting, advise Shareholders of the status of the various conditions by an announcement on PRF's website.

9.5 Exclusivity

Subject to exceptions in respect of where certain actions are required for PRF Directors to act in accordance with their fiduciary or statutory duties or where permitted during the Negotiation Period with a Permitted Negotiation Entity, the Implementation Agreement restricts PRF, its Related Entities and their respective directors, employees, officers, agents or advisers from soliciting, discussing, encouraging or inducing any negotiations with a view to obtaining any expression of interest, offer or proposal from any other person to acquire all or a substantial part of the assets or business of PRF or any PRF Group member, or to acquire control of or otherwise acquire or merge with PRF, from the date of the Implementation Agreement to the earlier of:

- (a) the Effective Date of the Scheme; or
- (b) the date the Implementation Agreement is terminated.

Details of PRF's obligations relating to exclusivity are provided below.

No shop

Other than in respect of a negotiation with a Permitted Negotiation Entity prior to 10 May 2013, PRF must ensure that PRF does not directly or indirectly solicit, discuss, encourage, or induce any enquiries, negotiations or discussions, or communicate any intention to do any of these things, with a view to obtaining any expression of interest, offer or proposal from any other person in relation to any proposal or offer to acquire all or a substantial part of the assets or business of PRF or any PRF Group member received from any person other than Keybridge.

No talk

Other than in respect of a negotiation with a Permitted Negotiation Entity prior to 10 May 2013, PRF must ensure that PRF does not directly or indirectly, negotiate or enter into, participate in negotiations or discussions with any other person regarding any proposal or offer to acquire all or a substantial part of the assets or business of PRF or any PRF Group member received from any person other than Keybridge. PRF must not grant any other person any right of access to conduct due diligence investigations in respect of PRF or a PRF Group member even if that proposal was not solicited.

Notification of approaches

Other than in respect of a negotiation with a Permitted Negotiation Entity prior to 10 May 2013, if PRF is approached by any person to engage in any activity that would breach its 'no shop' and 'no talk' obligations under the Implementation Agreement, PRF must promptly inform Keybridge of that fact and provide Keybridge with details of the relevant proposal and identity of the bidder.

Right to match

PRF must, prior to entering into an agreement in respect of a competing Third Party Proposal:

- (a) determine that the proposal is a Superior Proposal and that failing to respond would result in a breach of its Directors' fiduciary duties;
- (b) give Keybridge notice of its intention to enter into an agreement;
- (c) give Keybridge details of the alternative proposal (unless it would breach PRF's fiduciary duties to do so); and
- (d) give Keybridge three Business Days to match the alternative proposal (whether by amending the terms of the Scheme or otherwise).

Break fee

There is no break fee payable to Keybridge under the Implementation Agreement.

9.6 Termination

The Implementation Agreement may be terminated at any time prior to 8.00am on the Second Court Date in certain circumstances, including by either PRF or Keybridge if:

- (a) the other party is in material breach of its obligations under the Implementation Agreement, or there has been a material breach of a representation or warranty, and the relevant party has failed to remedy the breach (if it is capable of remedy) by the earlier of within three Business Days of written notice of the breach and 8.00am on the Second Court Date;
- (b) there is a breach or non-fulfilment of a Condition Precedent of which the terminating party has the benefit and the parties are unable to reach agreement on extending the time for satisfaction of the Condition Precedent or on alternative means or methods by which the Scheme may proceed;
- (c) the Scheme is not effective on or before 30 June 2013 or such later date agreed in writing between the parties (**Quit Date**);
- (d) if the PRF Shareholders fail to approve the Scheme by the requisite majority at the Scheme Meeting;
- (e) any court or regulatory authority has issued any order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, or has refused to do anything necessary to permit the Scheme, and the parties fail to agree on conducting an appeal within 5 Business Days;
- (f) the Independent Expert concludes that the Scheme is not in the best interests of PRF Shareholders; or
- (g) PRF enters into a legally binding agreement implementing or agreeing to implement a Superior Proposal.

The Implementation Agreement may be terminated at any time prior to 8.00am on the Second Court Date by Keybridge if:

- (a) PRF has breached any of the warranties given in the Implementation Agreement;

- (b) a PRF Director breaches the obligations regarding the Directors' recommendation set out in clauses 7.1 and 7.2 of the Implementation Agreement; or
- (c) a PRF Director does not state he will vote in favour of the Scheme or changes his stated intention to vote in favour of the Scheme in either an announcement or the Scheme Booklet (other than where permitted under clause 7.2 of the Implementation Agreement).

9.7 Deed Poll

Under the terms of the Deed Poll, which the parties to the Implementation Agreement have subsequently agreed must be executed before the Second Court Hearing, Keybridge agrees in favour of those persons who hold PRF Shares at the Record Date to observe and perform all obligations under the Scheme which relate to it, including the obligation to pay the Scheme Consideration in accordance with the terms of the Scheme.

A copy of the unexecuted Deed Poll is set out in Annexure C to the Scheme Booklet.

10 Key terms of the Keybridge Facility Amendment Deed

10.1 Extension of termination date

It is intended that PRF and Keybridge will enter into the Keybridge Facility Amendment Deed to further extend the termination date under the Keybridge Facility to 31 July 2013, prior to the Second Court Date.

If the Scheme proceeds, it is anticipated that PRF, CBA and Keybridge will further negotiate the terms of the Keybridge Facility.

In the event that the Scheme is not implemented on or before the Quit Date, the termination date under the Keybridge Facility will be extended until:

- (a) 30 June 2013, if the Implementation Agreement is terminated due to:
 - (i) PRF entering into a legally binding agreement implementing or agreeing to implement a Superior Proposal (pursuant to clause 14.1.7 of the Implementation Agreement); or
 - (ii) a PRF Director by whom or on whose behalf PRF Shares are held not stating in any announcement issued pursuant to clause 13.1 of the Implementation Agreement or the Scheme Booklet that he intends to vote in favour of the Scheme, other than where:
 - (A) the Independent Expert concludes that the Scheme is not in the best interests of PRF Shareholders; or
 - (B) the PRF Board has received a Superior Proposal and Keybridge's right to match under clause 10.7 of the Implementation Agreement (if any) has been exhausted (pursuant to clause 14.2.2(i) of the Implementation Agreement); or
- (b) the date that the Implementation Agreement is terminated or such later date agreed in writing between the parties, if the Implementation Agreement is terminated for any other reason.

10.2 Capitalisation of interest

The Keybridge Facility Amendment Deed also amends the terms of the interest payable by PRF under the Keybridge Facility to capitalise any interest that is payable by PRF in the period between the date of the Keybridge Facility Amendment Deed and the later of:

- (a) 30 June 2013, in the event that the Scheme is not implemented on or prior to the Quit Date; and
- (b) the date that is the earlier of:
 - (i) the date of termination of the Implementation Agreement in accordance with its terms; and
 - (ii) the Effective Date of the Scheme.

The capitalised interest will not be due and payable by PRF until the termination date under the Keybridge Facility (as amended and set out in section 10.1 above).

10.3 Extension fees

In consideration for Keybridge extending the termination date of the Keybridge Facility and agreeing to capitalise any interest accruing under the facility for the period specified above, PRF has agreed to pay Keybridge extension fees of A\$50,000 per month payable on 2 April 2013 (**First Extension Fee**), 1 May 2013 (**Second Extension Fee**) and 3 June 2013 (**Third Extension Fee**) (\$150,000 in aggregate).

Each extension fee will accrue and be treated as an advance under the Keybridge Facility from the relevant date with interest accruing on each of the extension fees and be capitalised as set out in section 10.2 above. The extension fees and any accrued interest will be payable by PRF to Keybridge on the termination date of the Keybridge Facility (as amended and set out in section 10.1 above).

In addition to these extension fees, PRF has also agreed to pay a further extension fee of A\$525,000 to Keybridge on 30 June 2013 if the Scheme has not been implemented on or before 30 June 2013 (**Fourth Extension Fee**) which will similarly be treated as an advance under the facility on that date and accrue interest until becoming payable by PRF on the termination date of the Keybridge Facility (as amended and set out in section 10.1 above).

10.4 New Event of Default

An event of default is added to the Keybridge Facility, namely if the Scheme does not become effective on or prior to 30 June 2013 or such later date as may be agreed.

11 Additional information

11.1 Interests of Directors

Except as set out below, no Director has any material interest in the Scheme.

PRF Shares

No Director has a relevant interest in any PRF Shares or holds options in PRF other than as set out in the table below:

Director	Number of Shares held	Voting Power
Peter Llewellyn	54,796,125	31.8%
Rod James	54,796,125	31.8%
Ron Tong	3,252,733	1.9%
Total	112,844,983	65.5%

Keybridge securities

No marketable securities of Keybridge are held by or for any Directors as at the date of this Scheme Booklet.

Payments or other benefits to Directors, secretaries or executive officers

No payment or other benefit is proposed to be made or given to any Director, secretary or executive officer of PRF or of its related bodies corporate as compensation for loss of, or as consideration for or in connection with their retirement from, office in PRF or any related bodies corporate in connection with the Scheme.

Agreements or arrangements with Directors, secretaries or executive officers

There are no other agreements or arrangements made between any Director and another person, including Keybridge, in connection with or conditional upon the outcome of the Scheme, other than as set out in the following paragraphs.

Partial extinguishment of liability for salary entitlements

Peter Llewellyn and Rod James are each owed an amount in excess of \$1,000,000 relating to contractual entitlements that have been accrued but not paid by PRF.

Under the Implementation Agreement, PRF has agreed to procure that these liabilities which have accrued prior to implementation of the Scheme will be partially extinguished and limited to \$1 million each (\$2 million in aggregate) (**Director Entitlement**).

Peter Llewellyn and Rod James (and each of their related independent contractor entities) will enter into separate loan agreements with PRF on or before 8.00am on the Second Court Date, setting out the payment of each of their Director Entitlements as follows:

- (a) an amount of \$625,000 will be payable in monthly instalments on a pro-rata basis subject to CBA consent and such payments not causing PRF to become insolvent, provided that,

any unpaid balance of the \$625,000 will be unconditionally payable on the date which is 12 months after the Implementation Date;

- (b) subject to (c) below, an amount of \$375,000 (**Residual Amount Owing**) will be payable out of amounts received from the Australian Tax Office as a result of amendments to GST returns in respect of the period prior to 31 December 2012 (**Qualifying Refunds**) and payable in instalments (or one instalment if applicable) equal to 50% of any Qualifying Refunds received by PRF within five Business Days of receipt of a Qualifying Refund (or five Business Days after the Implementation Date if the Qualifying Refund is received by PRF prior to the Implementation Date); and
- (c) if, notwithstanding compliance by PRF with the payment requirements set out in (a) and (b) above, the Residual Amount Owing has not been fully repaid by the date which is 12 months after the Implementation Date and there is no reasonable prospect of any further Qualifying Refunds being received, each of Peter Llewellyn and Rod James will agree to the extinguishment of the unpaid balance of the Residual Amount Owing.

Ongoing involvement with PRF

As indicated in section 1.7(c) above, each of the current PRF Directors will be resigning as Directors of PRF on and from the Implementation Date. Following implementation of the Scheme, Peter Llewellyn and Rod James will each continue to hold management positions in PRF as independent contractors and (through their respective contracting entities) will each enter into amended independent contractor agreements with PRF on the following terms:

- (a) annual contractor fee of A\$400,000 payable weekly on a pro-rata basis (reduced from their current annual salary of A\$710,000);
- (b) either PRF or Peter Llewellyn and Rod James (where applicable) will have the ability to terminate the arrangements without cause with three month's written notice to the other party (reduced from their current 24 month notice period);
- (c) six weeks paid leave;
- (d) provision of a corporate credit card with a \$5,000 limit to be used for business expenses including reasonable motor vehicle running costs and reasonable mobile phone costs; and
- (e) continued use of a lap top computer, iPad and iPhone with such property to be transferred without charge to Peter or Rod (as applicable) on termination of the agreements.

11.2 Keybridge's relevant interests in PRF Shares

Except as set out below, at the date of this Scheme Booklet:

- (a) no PRF Shares are held by or for any of Keybridge's directors;
- (b) Keybridge has no relevant interest in any of the PRF Shares on issue; and
- (c) Keybridge has no voting power in PRF.

11.3 Dealings in PRF Shares

Other than as specified in the Implementation Agreement, neither Keybridge nor any Associate of Keybridge has given, or agreed to give, consideration for any PRF Shares under a purchase or

agreement during the four months ended on the day immediately before the date of this Scheme Booklet.

Other than as specified in the Implementation Agreement, during the period of four months ended on the day immediately before the date of this Scheme Booklet, neither Keybridge nor any Associate has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate, to:

- (a) vote in favour of the Scheme; or
- (b) dispose of PRF Shares,

and the benefit has not been offered to all PRF Shareholders.

11.4 Consents to be named

- (a) The Independent Expert has consented to the inclusion of the Independent Expert's Report in Annexure A and to the references to the Independent Expert's Report in this Scheme Booklet being made in the form and context in which each such reference is included and has not withdrawn that consent before the date of this Scheme Booklet. Other than in respect of the Independent Expert's Report and any other statements attributed to the Independent Expert, the Independent Expert has not authorised or caused the issue of this Scheme Booklet, and has not made, or purported to make, any statement in this Scheme Booklet.
- (b) McCullough Robertson has given and has not withdrawn its consent to be named as legal adviser to PRF in the form and context in which it is named and has not withdrawn that consent before the date of this Scheme Booklet. Other than in respect of those statements attributed to McCullough Robertson, McCullough Robertson has not authorised or caused the issue of this Scheme Booklet, and has not made, or purported to make, any statement in this Scheme Booklet.
- (c) Keybridge has consented to the inclusion of the Keybridge Information in the form and context in which that information appears and has not withdrawn that consent before the date of this Scheme Booklet. Other than in respect of those statements attributed to Keybridge, Keybridge has not authorised or caused the issue of this Scheme Booklet, and has not made, or purported to make, any statement in this Scheme Booklet.
- (d) Merrotts Chartered Accountants & Business Advisers (**Merrotts**) has given and has not withdrawn its consent to be named as PRF's auditor in the form and context in which it is named and has not withdrawn that consent before the date of this Scheme Booklet. Other than in respect of those statements attributed to Merrotts, Merrotts has not authorised or caused the issue of this Scheme Booklet, and has not made, or purported to make, any statement in this Scheme Booklet.

11.5 PRF disclosure

PRF continuous disclosure

As PRF is not a 'disclosing entity' for the purposes of the Corporations Act it is not subject to periodic reporting and continuous disclosure obligations.

PRF documents

PRF will make available free of charge, to any PRF Shareholder who requests it before the Scheme Meetings, a copy of the audited financial report of PRF and its controlled entities for the most recently ended financial year that has been lodged with ASIC.

11.6 Lodgement of this Scheme Booklet

This Scheme Booklet was given to ASIC on 22 April 2013 as required by section 411(2)(b) of the Corporations Act.

11.7 No unacceptable circumstances

The Directors believe that the Scheme does not involve any circumstances in relation to the affairs of any PRF Shareholder that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

11.8 Other material information

Other than as contained or referred to in this Scheme Booklet there is no information material to the making of a decision by PRF Shareholders whether or not to vote in favour of the Scheme that is known to any Director and which has not previously been disclosed to PRF Shareholders.

11.9 Foreign selling restrictions

This document does not constitute an offer of securities in any jurisdiction in which it would be unlawful. Keybridge Shares may not be offered or sold in any country outside Australia.

12 Glossary

Annexure	means an annexure to this Scheme Booklet.
ASIC	means the Australian Securities and Investments Commission.
Associate	has the meaning given to that term in section 9 of the Corporations Act.
ASX	means ASX Limited ABN 98 008 624 691 or the securities exchange it operates, as the context requires.
Authorised Representative	has the meaning given to that term in section 761A of the Corporations Act.
Board	means the board of Directors of PRF.
Business Day	has the meaning given to that term in schedule 1 of the Implementation Agreement.
CBA	means the Commonwealth Bank of Australia ACN 123 123 124.
CBA Facilities	has the meaning given to that term in schedule 1 of the Implementation Agreement.
Conditions Precedent	means the conditions precedent in schedule 2 of the Implementation Agreement, a summary of which is set out in section 9.2.
Constitution	means the constitution of PRF.
Control	has the meaning given to that term in section 50AA of the Corporations Act.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Court	means the New South Wales registry of the Federal Court of Australia or such other court as the parties may agree.
Deed Poll	means the deed poll to be signed by Keybridge and set out in Annexure C.
Deloitte	means Deloitte Corporate Finance Pty Limited ACN 003 833 127.
Deloitte Fee	means a fee of \$150,000 payable to Deloitte.
Director	means a director of PRF (from time to time).
Effective	means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) of the Corporations Act, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.
Effective Date	means the date on which the Scheme becomes Effective.
Exclusivity Period	has the meaning given to that term in schedule 1 of the Implementation Agreement.
First Court Hearing	means the date the Court hears the application to order the convening of the Scheme meeting under section 411(1) of the Corporations Act or if the application is adjourned for any reason, the date the adjourned application is heard.

Implementation Agreement	means the scheme implementation agreement dated 30 March 2013 between Keybridge and PRF, set out in Annexure B.
Implementation Date	means the third Business Day following the Record Date.
Independent Expert	means BDO Corporate Finance (QLD) Ltd ACN 010 185 725.
Independent Expert's Report	means the report of the Independent Expert about the Proposal, set out in Annexure A.
Independent Expert's Report Addendum	means the addendum to the Independent Expert's Report set out in Annexure F.
Initial Keybridge Share Market Value	means the market value of Keybridge Shares on the Implementation Date determined in accordance with the formula: $IKMV \div IKSC$, where: <ul style="list-style-type: none"> (a) IKMV means the total A\$ value of Issued Keybridge Shares traded on ASX during the 30 trading day period ending on the Effective Date; and (b) IKSC means the total number of Issued Keybridge Shares traded during the 30 trading day period ending on the Effective Date.
Initial Scheme Consideration	means the amount calculated in accordance with section 1.3 of this Scheme Booklet, to be paid by Keybridge on the Implementation Date.
Issued Keybridge Shares	means the ordinary shares in the capital of Keybridge on issue and listed on the ASX at the relevant time.
Keybridge	means Keybridge Capital Limited ACN 088 267 190.
Keybridge Facility	means the loan facility provided by Keybridge and others to PRF pursuant to a syndicated facility agreement dated 29 June 2007 (as amended).
Keybridge Facility Amendment Deed	means the deed of amendment to be entered into by Keybridge, PRF and others in respect of the Keybridge Facility prior to the Second Court Date.
Keybridge Information	means information in sections 1.7, 4, 6, 7, and 11.2.
Keybridge Share	means an ordinary share in Keybridge.
McCullough Robertson	means McCullough Robertson lawyers.
Negotiation Period	has the meaning given to that term in schedule 1 of the Implementation Agreement.
Notice of Scheme Meeting	means the notice of meeting for the Scheme Meeting set out in Annexure E.
Permitted Negotiation Entity	means any of the parties listed in schedule 8 of the Implementation Agreement.
Post Scheme Keybridge Group	means Keybridge and its subsidiaries after the implementation of the Scheme.
PRF	means PR Finance Group Limited ACN 109 299 390.
PRF Group	means PRF and its Related Entities.
PRF Information	means the information in this Scheme Booklet, other than the Keybridge Information and the Independent Expert's Report in Annexure A.

PRF Material Adverse Change	has the meaning given to the term 'PR Finance Material Adverse Change' in schedule 1 of the Implementation Agreement.
PRF Prescribed Occurrence	has the meaning given to the term 'PR Finance Prescribed Occurrence' in schedule 1 of the Implementation Agreement.
PRF Share	means a fully paid ordinary share on issue in PRF.
PRF Shareholder	means a person who is the registered holder of one of more PRF Shares.
PRF Warranties	means the representations and warranties given by PRF in clause 8.1 of the Implementation Agreement.
Proposal	means the proposed acquisition of 100% of all the PRF Shares by Keybridge under the Scheme.
Quit Date	means 30 June 2013, or such other date and time agreed in writing between Keybridge and PRF.
Record Date	means 5.00pm (Sydney time) on the fifth Business Day after the Effective Date.
Related Body Corporate	has the meaning given to that term in section 9 of the Corporations Act.
Related Entity	means, in relation to any entity, any entity which is related to that entity within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any accounting standard in force under section 334 of the Corporations Act) that is Controlled by that entity.
Scheme	means the scheme of arrangement in Annexure D.
Scheme Booklet	means this scheme booklet, issued under section 412 of the Corporations Act.
Scheme Consideration	means the Initial Scheme Consideration and (if payable) the Subsequent Control Transaction Consideration Amount.
Scheme Consideration Trust Account	means the trust account to be operated by PRF as trustee for the Scheme Shareholders for the purpose of paying the Scheme Consideration to each Scheme Shareholder.
Second Court Date	means the first day on which the Second Court Hearing is heard or if the hearing is adjourned for any reasons, the first day of the adjourned hearing.
Second Court Hearing	means, in respect of the Scheme, the hearing of an application made to the Court for an order approving the Scheme under section 411(4)(b) of the Corporations Act.
Scheme Meeting	means the meeting of Scheme Shareholders to consider and if thought fit approve the Scheme, ordered by the Court to be convened under section 411 of the Corporations Act.
Scheme Shares	means a fully paid ordinary share in the capital of PRF, on issue on the Record Date.
Scheme Shareholder	means a person who is the registered holder of one of more Scheme Shares.
Subsidiary	has the meaning given to that term in section 9 of the Corporations Act.

Subsequent Control Transaction	has the meaning given to it in the letter from the Chairman of PRF in this explanatory memorandum.
Subsequent Control Transaction Consideration Amount	has the meaning given to it in the letter from the Chairman of PRF in this Scheme Booklet.
Subsequent Control Transaction Consideration Date	has the meaning given to it in the letter from the Chairman of PRF in this Scheme Booklet.
Subsequent Keybridge Share Market Value	<p>means the market value of Keybridge Shares on the Subsequent Control Transaction Consideration Date determined in accordance with the formula: $SKMV \div SKSC$, where</p> <p>(a) SKMV means the total A\$ value of Issued Keybridge Shares traded on ASX during the 30 trading day period ending on the date of issue of the Keybridge Shares; and</p> <p>(b) SKSC means the total number of Issued Keybridge Shares traded during the 30 trading day period ending on the date of issue of the Keybridge Shares.</p>
Substantial Holding	has the meaning given to that term in section 9 of the Corporations Act.
Superior Proposal	has the meaning given to that term in schedule 1 of the Implementation Agreement.
Third Party Proposal	has the meaning given to that term in schedule 1 of the Implementation Agreement.

Annexure A

Independent Expert's Report



PR FINANCE GROUP LIMITED
Independent Expert's Report

Proposed Acquisition of PR Finance Group
Limited by Keybridge Capital Limited

9 May 2013

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Financial Services Guide

The Financial Services Guide ('FSG') is provided to comply with the legal requirements imposed by the Corporations Act 2001 ('the Corporations Act') and includes important information regarding the general financial product advice contained in this report ('this Report'). The FSG also includes general information about BDO Corporate Finance (QLD) Ltd ('BDO CFQ' or 'we', 'us' or 'our'), including the financial services we are authorised to provide, our remuneration and our dispute resolution.

BDO CFQ holds an Australian Financial Services Licence to provide the following services:

- a) Financial product advice in relation to deposit and payment products (limited to basic deposit products and deposit products other than basic deposit products), securities, derivatives, managed investments schemes, superannuation, and government debentures, stocks and bonds; and
- b) Arranging to deal in financial products mentioned in a) above, with the exception of derivatives.

General Financial Product Advice

The following report sets out what is described as general financial product advice. This Report does not consider personal objectives, individual financial position or needs and therefore does not represent personal financial product advice. Consequently any person using this Report must consider their own objectives, financial situation and needs. They may wish to obtain professional advice to assist in this assessment.

The Assignment

BDO Corporate Finance (QLD) Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513 has been engaged to provide general financial product advice in the form of a report in relation to a financial product. Specifically, BDO CFQ has been engaged to provide an independent expert's report to the shareholders of PR Finance Group Limited ('PRFG') in relation to the potential acquisition of 100% of the issued securities in PRFG by Keybridge Capital Limited ('Keybridge') in consideration for an initial consideration amount which consists of cash and scrip components, and, if applicable, a subsequent control transaction consideration amount which is contingent upon an agreement in respect of a subsequent control transaction being entered into within 12 months from the implementation date of the proposed transaction ('the Proposed Transaction').

Further details relating to the Proposed Transaction are set out in Section 3.0 of this Report. The scope of this Report is set out in detail in Section 4.0 of this Report. Our Report provides an opinion as to whether or not the Proposed Transaction is fair, reasonable and in the best interests of the shareholders of PRFG ('PRFG Shareholders').

This Report cannot be relied upon for any purpose other than the purpose mentioned above and cannot be relied upon by any person or entity other than those mentioned above, unless we have provided our express consent in writing to do so. A shareholder's decision to vote in favour of or against the Proposed Transaction is likely to be influenced by the shareholder's particular circumstances, for example, the shareholder's taxation considerations and risk profile. Each shareholder should obtain their own professional advice in relation to their own circumstances.



Fees, commissions and other benefits we may receive

We charge a fee for providing reports. The fees are negotiated with the party who engages us to provide a report. We estimate that our fees for the preparation of this Report will be approximately \$85,000 plus GST. Fees are usually charged as a fixed amount or on an hourly basis depending on the terms of the agreement with the engaging party. Our fees for this Report are not contingent on the outcome of any of the matters to which this Report relates. Our fees do not include fees payable to other experts engaged to provide specialist services and reports which may have been considered in this Report.

Except for the fees referred to above, neither BDO CFQ, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of this Report.

Directors of BDO CFQ may receive a share in the profits of BDO Group Holdings (QLD) Pty Ltd, a parent entity of BDO CFQ. All directors and employees of BDO Group Holdings (QLD) Pty Ltd and its subsidiaries (including BDO CFQ) are entitled to receive a salary. Where a director of BDO CFQ is a shareholder of BDO Group Holdings (QLD) Pty Ltd, the person is entitled to share in the profits of BDO Group Holdings (QLD) Pty Ltd.

Associations and relationships

From time to time BDO CFQ or its related entities may provide professional services to issuers of financial products in the ordinary course of its business. These services may include audit, tax and business advisory services. BDO CFQ has not provided any services to PRFG or Keybridge in the past two years.

BDO CFQ is not an associate of either PRFG or Keybridge. The signatory to this Report does not hold any shares in either PRFG or Keybridge and no such shares have ever been held by the signatory.

To prepare our reports, including this Report, we may use researched information provided by research facilities to which we subscribe or which is publicly available. Reference has been made to the sources of information in this Report, where applicable. Research fees are not included in the fee details provided in this Report.

Complaints

We are members of the Financial Ombudsman Service. Any complaint about our service should be in writing and sent to BDO Corporate Finance (QLD) Ltd, GPO Box 457, Brisbane QLD 4001.

We will endeavour to resolve the complaint quickly and fairly. If the complaint cannot be satisfactorily resolved within 45 days of written notification, there is a right to lodge a complaint with the Financial Ombudsman Service. They can be contacted on 1300 780 808. This service is provided free of charge.

If the complaint involves ethical conduct, a complaint may be lodged in writing with the Institute of Chartered Accountants, Queensland Branch, GPO Box 2054, Brisbane QLD 4001. The Australian Securities and Investments Commission ('ASIC') also has an Infoline on 1300 300 630 which can be used to make a complaint and obtain information about investor rights.



Contact Details

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Glossary

Reference	Definition
ABV	Asset Based Valuation
ACC	Affordable Car Centre
AMX	AMX Money
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO CFQ, we, us and our	BDO Corporate Finance (QLD) Ltd
BDO Persons	BDO CFQ, BDO (QLD) or any of the partners, directors, agents or associates
CBA	Commonwealth Bank of Australia
CME	Capitalisation of Maintainable Earnings
Corporations Act, the	The Corporations Act 2001
Corporations Regulations, the	The Corporations Regulations 2001
Court, the	The New South Wales registry of the Federal Court of Australia or such other court as PRFG and Keybridge may agree
DCF	Discounted Cash Flows
Deloitte	Deloitte Touche Tohmatsu Limited
Deloitte Fee, the	The transaction fee payable to Deloitte if the Proposed Transaction is approved and implemented. \$0.15 million of this fee is payable by the shareholders of PRFG
Explanatory Memorandum, the	The Explanatory Memorandum prepared by PRFG
FAA	FAA Automotive Australia Pty Ltd
FSG	Financial Services Guide
GFC	Global Financial Crisis
GMT	GMT Global Republic Aviation Limited
Implementation Date, the	The implementation date of the Proposed Transaction
Initial Consideration, the	The initial consideration amount payable by Keybridge to PRFG Shareholders which consists of cash and scrip components
Keybridge	Keybridge Capital Limited
Kwik	Kwik Finance
Marubeni	Marubeni Corporation
MBV	Market Based Valuation
Mezzanine Debt Facility, the	PRFG's mezzanine debt facility which is held by Keybridge
MFW	Motor Finance Wizard
MVD	The Motor Vehicle Division of PRFG
Notice of Meeting, the	The Notice of Meeting prepared by PRFG
NVCF	The Non Vehicle Consumer Finance segment of PRFG
PRFG	PR Finance Group Limited
PRFG Shareholders	The shareholders of PRFG

Reference	Definition
Proposed Transaction, the	The proposed acquisition of 100% of the issued capital in PRFG by Keybridge
Record Date, the	The record date on which a shareholder must own shares in PRFG in order to be eligible to receive the consideration payable by Keybridge under the Proposed Transaction
Report, this	This report prepared by BDO CFQ dated 9 May 2013
RG 111	ASIC Regulatory Guide 111: Content of Expert Reports
RGs	Regulatory Guides published by ASIC
Scheme Implementation Agreement, the	The scheme implementation agreement executed by PRFG and Keybridge on 30 March 2013
Scheme Consideration Trust Account, the	An account operated by PRFG as the trustee for all PRFG Shareholders eligible to receive the consideration payable by Keybridge under the Proposed Transaction
Senior Debt Facility, the	PRFG's senior debt facility held by Commonwealth Bank of Australia
Subsequent Control Transaction Consideration, the	The control transaction consideration amount that Keybridge will pay to PRFG shareholders subsequent the initial consideration
Transaction Scheme Booklet, the	The scheme booklet in relation to the Proposed Transaction prepared by PRFG
VWAP	Volume-weighted average share price

The Shareholders
C/- The Directors
PR Finance Group Limited
PO Box 3100
SOUTHPORT QLD 4215

9 May 2013

Independent Expert's Report

1.0 Introduction

BDO Corporate Finance (QLD) Limited ('BDO CFQ') has been engaged by the directors of PR Finance Group Limited ('PRFG') to prepare an independent expert's report ('this Report') to the shareholders of PRFG in relation to the proposed acquisition of 100% of the issued capital in PRFG by Keybridge Capital Limited ('Keybridge') ('the Proposed Transaction'). The Proposed Transaction is to be implemented via a scheme of arrangement ('the Proposed Scheme').

As consideration for all of the issued capital in PRFG, Keybridge will pay an initial consideration amount ('the Initial Consideration') which consists of cash and scrip components. A subsequent control transaction consideration amount ('the Subsequent Control Transaction Consideration') will also be payable if the relevant conditions are satisfied.

As part of the Initial Consideration, PRFG shareholders ('PRFG Shareholders') will receive a total of \$1.35 million in cash net of a \$0.15 million transaction fee payable to Deloitte Touche Tohmatsu Limited ('Deloitte') payable by PRFG Shareholders ('the Deloitte Fee'), and will be issued an amount of ordinary shares in Keybridge that is the lesser of ordinary shares in Keybridge with a share market value of \$0.5 million (based on a 3 month VWAP) and 2.5 million ordinary shares in Keybridge (representing approximately 1.5% of the total issued share capital in Keybridge).

The total amount of the Subsequent Control Transaction Consideration which may be payable is \$1 million and it is proposed to be paid in the form of cash or Keybridge scrip at the option of Keybridge. The Subsequent Control Transaction Consideration is payable in the event PRFG or Keybridge enters into an agreement to sell all or substantially all of the share capital of PRFG or its subsidiaries (or a significant number of its subsidiaries) or a significant portion of the assets or business of PRFG to specified parties within 12 months from the date the Proposed Transaction is implemented ('the Implementation Date'), for an amount greater than the aggregate of \$52.0 million plus the amount of interest which has accrued and remains unpaid until that time on PRFG's mezzanine debt facility ('the Mezzanine Debt Facility') which is held by Keybridge ('Subsequent Control Transaction'). Section 10.0 of this Report sets out further information in relation to the consideration offered under the Proposed Transaction.

For ease of reference, and to assist to differentiate between Keybridge prior to the Proposed Transaction and Keybridge post the Proposed Transaction, in all subsequent sections of this Report, we refer to the company acquiring PRFG as Keybridge and we refer to the combined entity post the Proposed Transaction as the Combined Entity. The Combined Entity will not be a 'new entity' as such, as the Combined Entity will remain listed as Keybridge following the Proposed Transaction. All references to the Combined Entity set out in this Report, particularly those in relation to the issuance of shares, should be taken as references to 'Keybridge following the Proposed Transaction'. We note that the Combined Entity is referred to as the Post Scheme Keybridge Group in the Transaction Scheme Booklet prepared by PRFG ('the Transaction Scheme Booklet').

A more detailed discussion of the Proposed Transaction is set out in Section 3.0 of this Report.

In this Report, BDO CFQ has expressed an opinion as to whether the Proposed Transaction is fair, reasonable and in the best interests of PRFG Shareholders. The scope of this Report and the basis for assessing the Proposed Transaction is set out in detail in Section 4.0 of this Report.

We understand that this Report will be provided to the PRFG Shareholders to assist them to make an informed decision on whether to vote in favour of or against the Proposed Transaction. Apart from the purpose stated directly above, this Report cannot be used or relied on for any other purpose or by any other person or entity.

This Report does not address circumstances specific to individual PRFG Shareholders. A PRFG Shareholder's decision to vote in favour of or against the Proposed Transaction is likely to be influenced by their own particular circumstances including, for example, their taxation considerations and risk profile. PRFG Shareholders should obtain their own professional advice in relation to their own circumstances.

This Report should be read in full, including the assumptions underpinning our work, together with the other information provided to PRFG Shareholders in conjunction with this Report, including the Transaction Scheme Booklet which comprises the Explanatory Memorandum prepared by PRFG ('the Explanatory Memorandum') and the Notice of Meeting prepared by PRFG ('the Notice of Meeting').

2.0 Summary of Opinion

This section of this Report is a summary of our opinion and cannot substitute for a complete reading of this Report.

We strongly recommend that PRFG Shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Transaction Scheme Booklet which comprises the Notice of Meeting and Explanatory Memorandum, and consider their own specific circumstances before voting in favour of or against the Proposed Transaction.

2.1 Fairness of the Proposed Transaction

Our assessment of the fairness of the Proposed Transaction is set out in Section 11.0 of this Report. In summary, to assess whether the Proposed Transaction is fair, we have completed steps including the following:

- (a) Determined the value of a share in PRFG on a controlling interest basis prior to the Proposed Transaction. This analysis is set out in Section 8.0 of this Report;
- (b) Determined the value of the Initial Consideration (comprising both scrip in the Combined Entity and cash) to be received by PRFG Shareholders for each share under the Proposed Transaction and the Subsequent Control Transaction Consideration. This analysis is set out in Section 10.0 of this Report; and
- (c) Compared the value determined in (a) above with the value determined in (b) above to form a view on whether the value of the consideration is equal to or greater than the value we have calculated for a share in PRFG.

Table 2.1 below sets out a comparison of the total consideration offered per PRFG share and the value of a share in PRFG immediately prior to the Proposed Transaction.

Table 2.1: Comparison of Total Consideration per PRFG Share and the Value of a PRFG Share

	Reference	Low (\$)	High (\$)
Value of the total consideration per PRFG share	Section 10.3	0.0102 ^(a)	0.0107 ^(a)
Value of a share in PRFG (controlling interest)	Section 8.3	0.0248	0.0919

Source: BDO CFQ analysis

Note: (a) For completeness, we note that our valuation of the total consideration does not attribute any value to the Subsequent Control Transaction Consideration. Our analysis of the Subsequent Control Transaction Consideration is set out in Section 10.3 of this Report.

The analysis set out in Table 2.1 above indicates that our value of a share in PRFG is higher than the value of the total consideration to be provided under the Proposed Transaction.

As our valuation of the consideration under the Proposed Transaction is less than our valuation of a PRFG share, it is our view that the Proposed Transaction is **Not Fair** to the PRFG Shareholders as at the date of this Report.

2.2 Reasonableness of the Proposed Transaction

In accordance with Regulatory Guide 111: Content of Expert Reports, a transaction is considered reasonable if it is fair. It may also be ‘reasonable’, despite not being ‘fair’, if there are sufficient reasons for security holders to vote in favour of the offer in the absence of a higher bid(s) being received before the close of the offer.

We have considered the reasonableness of the Proposed Transaction having regard to other significant factors to which PRFG Shareholders may give consideration to prior to deciding whether to vote in favour of or against the Proposed Transaction. This includes comparing the likely advantages and disadvantages of the Proposed Transaction with the position of the PRFG Shareholders if the Proposed Transaction is not approved.

Table 2.2 below summarises the advantages of the Proposed Transaction to PRFG Shareholders.

Table 2.2: Summary of the Advantages of the Proposed Transaction

Advantages
<ul style="list-style-type: none">• PRFG’s directors consider the Proposed Transaction to be the best offer received by PRFG to date after having undertaken an extensive process to either sell or recapitalise the company.
<ul style="list-style-type: none">• The risk of PRFG being placed into receivership by Keybridge as a result of PRFG being unable to refinance its debt facilities is reduced.
<ul style="list-style-type: none">• PRFG Shareholders may be entitled to receive the Subsequent Control Transaction Consideration if an agreement in respect of a Subsequent Control Transaction is entered into within 12 months from the Implementation Date of the Proposed Transaction.
<ul style="list-style-type: none">• PRFG’s founders and largest shareholders support the Proposed Transaction.
Advantages of Cash Consideration
<ul style="list-style-type: none">• The cash consideration provides certainty of value to PRFG Shareholders.
<ul style="list-style-type: none">• The cash consideration provides a relatively quick realisation of value.
<ul style="list-style-type: none">• No brokerage commissions are payable PRFG Shareholders in relation to the cash component of the consideration.
Advantages of Scrip Consideration
<ul style="list-style-type: none">• PRFG Shareholders will retain exposure to any potential upside in the value of PRFG.
<ul style="list-style-type: none">• PRFG Shareholders will hold an investment in an ASX listed company.
<ul style="list-style-type: none">• PRFG Shareholders will have exposure to a more diversified portfolio of assets.

Source: BDO CFQ analysis

Table 2.3 below summarises the disadvantages of the Proposed Transaction to PRFG Shareholders.

Table 2.3: Summary of the Disadvantages of the Proposed Transaction

Disadvantages

- The medium to long term value of a Combined Entity share is uncertain and may differ materially to the current market price of a Keybridge share and / or the value we have calculated for a Combined Entity share in this Report.
- PRFG shareholders will have exposure to the risks of the Combined Entity which will have a different risk profile and characteristics to PRFG.
- PRFG Shareholders will receive limited benefit from any subsequent control transaction completed more than 12 months after the Implementation Date.
- PRFG Shareholders will only hold a minority interest of approximately 1.5% in the Combined Entity.

Source: BDO CFQ analysis

PRFG Shareholders should refer to Section 12.0 of this Report for a more detailed discussion of the advantages and disadvantages relating to the Proposed Transaction as well as a consideration of the position of the PRFG Shareholders if the Proposed Transaction does not proceed. Section 12.0 also sets out other matters which PRFG Shareholders should consider prior to voting on the Proposed Transaction.

After considering the advantages, disadvantages and other considerations summarised above and set out in further detail in the balance of this Report, it is our view that, in the absence of any other information, the Proposed Transaction is **Reasonable** as at the date of this Report.

2.3 Conclusion on the Proposed Transaction

In our opinion, the Proposed Transaction is **Not Fair** (refer Section 11.0 of this Report) but **Reasonable** (refer Section 12.0 of this Report) to PRFG Shareholders.

While the consideration offered is less than the value of a PRFG share, it is our view that there are sufficient other reasons (e.g. the advantages set out in Section 2.1 above) for PRFG Shareholders to vote in favour of the Proposed Transaction in the absence of a superior proposal. In particular, we note the following:

- PRFG is currently experiencing financial distress. The company has breached covenants relating to its senior debt facility held by Commonwealth Bank of Australia ('CBA') ('the Senior Debt Facility') and is in default on the Mezzanine Debt Facility;
- Keybridge will be in a position to place PRFG into receivership in circumstances where the Proposed Transaction is not approved and no superior offer has been received;
- If PRFG is placed into receivership and the receiver is not able to obtain a superior proposal to the offers obtained by the directors of PRFG over the previous 12 month period, it is possible that PRFG shareholders will realise a value for their investment which is significantly less than the consideration anticipated by the Proposed Transaction or may not receive any value at all;
- The termination date of the Mezzanine Debt Facility in the absence of a superior offer being received by PRFG is the date the Scheme Implementation Agreement is terminated or 30 June 2013 if the Scheme Implementation Agreement is terminated due to a superior proposal being entered into; and
- PRFG and its corporate adviser, Deloitte, have made significant attempts to either recapitalise or sell PRFG by presenting the opportunity to a wide range of potential investors and purchasers. Despite these attempts, PRFG's directors and their advisers are of the view that the Proposed Transaction is the best proposal that has been received as of the date of this Report that is capable of acceptance.

Having regard to the information set out above, it is our view that in the absence of any other information or a superior proposal, the Proposed Transaction is **in the best interests** of PRFG Shareholders as at the date of this Report.

Notwithstanding our view that the Proposed Transaction is **in the best interests** of PRFG Shareholders as at the date of this Report, we strongly recommend that PRFG Shareholders also have regard to the other considerations set out in Section 2.4 below.

2.4 Other Considerations

Before forming a view on the Proposed Transaction, we strongly recommend that PRFG Shareholders:

- Consult their own professional advisers;
- Carefully read all relevant documentation provided to them including this Report, the Transaction Scheme Booklet which comprises the Notice of Meeting, the Explanatory Statement, and all other information provided; and

- Consider their own specific circumstances and assess the way in which those circumstances might impact their decision to vote in favour of or against the Proposed Transaction.

The decision to vote for or against the Proposed Transaction is a separate decision to the investment decision to hold or divest shares in the Combined Entity in the event the Proposed Transaction is approved. We recommend shareholders consult their own professional advisers in relation to the decision on whether to hold or divest shares in the Combined Entity.

In considering whether to vote in favour of or against the Proposed Transaction, PRFG Shareholders should also consider that, for reasons set out in Section 4.0 of this Report, the valuation work set out in this Report does not specifically consider the current financial distress of PRFG and assumes that PRFG is able to rely on the continued support of its senior and mezzanine financiers. As discussed in Table 12.1, we understand that the mezzanine financier will be in a position to place PRFG into receivership in circumstances where the Proposed Transaction is not approved and no superior offer has been received. If PRFG is placed into receivership and the receiver is not able to obtain a superior proposal to the offers obtained by the directors of PRFG, it is possible that PRFG shareholders will realise a value for their investment which is significantly less than the consideration offered in the Proposed Transaction or may not receive any value at all.

PRFG Shareholders should refer to Section 12.3 of this Report for a list of alternatives available to PRFG in circumstances where the Proposed Transaction does not proceed and Section 12.4 of this Report for a more detailed discussion of the position of PRFG Shareholders in the event that the Proposed Transaction is not approved and implemented.

The analysis set out in this Report has relied on certain economic, market and other conditions prevailing as at the date of this Report. We note that changes in these conditions may have a material impact on the results presented in this Report. BDO CFQ is not responsible for updating this Report in the event that these circumstances change.

3.0 Overview of the Proposed Transaction

This section sets out an overview of the Proposed Transaction and is structured as follows:

- Section 3.1 provides a description of the Proposed Transaction;
- Section 3.2 provides a description of the manner in which the Proposed Transaction will be implemented;
- Section 3.3 sets out the conditions of the Proposed Transaction; and
- Section 3.4 discusses the strategic rationale for the Proposed Transaction.

3.1 Description of the Proposed Transaction

On 30 March 2013 Keybridge and PRFG executed a Scheme Implementation Agreement in relation to a scheme of arrangement for Keybridge to acquire 100% of the issued capital in PRFG (referred to as 'the Proposed Transaction' in this Report).

The Proposed Transaction relates to the proposed acquisition of all of the issued capital in PRFG by Keybridge in consideration for the Initial Consideration which consists of cash and scrip components, and, if applicable, the Subsequent Control Transaction Consideration.

As part of the Initial Consideration, PRFG Shareholders will receive a total of \$1.35 million in cash net of the Deloitte Fee, and will be issued an amount of ordinary shares in the Combined Entity that is the lesser of the number of ordinary shares in the Combined Entity with a share market value of \$0.5 million (based on a 3 month volume-weighted average share price) and 2.5 million ordinary shares in the Combined Entity. 2.5 million Keybridge shares will represent approximately 1.5% of the total issued share capital in Keybridge following the Proposed Transaction assuming that it is approved and implemented.

The total amount of the Subsequent Control Transaction Consideration is \$1.0 million and it is proposed to be paid in the form of cash or Combined Entity scrip at the option of Keybridge. The Subsequent Control Transaction Consideration is contingent upon an agreement in respect of a Subsequent Control Transaction being entered into within 12 months from the Implementation Date.

Section 10.3 sets out further information in relation to the total consideration offered under the Proposed Transaction.

3.2 Manner in which the Proposed Transaction will be Implemented

The Proposed Transaction will be implemented via the Proposed Scheme. If the conditions precedent to the Proposed Transaction (as summarised in Section 3.3 below) are satisfied, then the Proposed Transaction will be implemented as follows:

- Keybridge will deposit \$1.5 million (being the aggregate amount of the cash component payable under the Initial Consideration) into an account operated by PRFG as the trustee for all eligible PRFG Shareholders ('the Scheme Consideration Trust Account') by 10.00am on the Implementation Date;

- Each PRFG Shareholder will receive an amount of \$0.0078 for each PRFG Share they hold at the record date ('the Record Date') which will be paid by PRFG from the amount deposited by Keybridge into the Scheme Consideration Trust Account on the Implementation Date (this is based on the cash component of \$1.5 million paid by Keybridge less the Deloitte Fee of \$0.15 million);
- Each PRFG Shareholder will receive the number of Keybridge shares that are calculated in accordance with section 1.3 of the Transaction Scheme Booklet for the PRFG Shares they hold at the Record Date, by 5.00pm on the Implementation Date;
- The PRFG Shares will be transferred to Keybridge on the Implementation Date; and
- In the event a Subsequent Control Transaction is entered into within 12 months from the Implementation Date, each PRFG Shareholder who held PRFG Shares at the Record Date will receive the Subsequent Control Transaction Consideration within 120 days of the completion of the Subsequent Control Transaction.

PRFG Shareholders should refer to the Transaction Scheme Booklet for further information in relation to the implementation procedures regarding the Proposed Transaction.

3.3 Conditions of the Proposed Transaction

Completion of the Proposed Transaction will be subject to the satisfaction or waiver of the following conditions (refer to section 9.2 of the Transaction Scheme Booklet and Schedule 2 of the Scheme Implementation Agreement for further information):

- a) There being no injunction or other order issued by any court or other legal restraint or prohibition preventing the Proposed Scheme from being completed;
- b) PRFG Shareholders approving the Proposed Scheme by the requisite majority in accordance with the Corporations Act 2001 ('The Corporations Act');
- c) The independent expert issuing its report concluding that the Proposed Transaction is in the best interests of PRFG Shareholders;
- d) The Proposed Scheme being approved by order of the Court in accordance with section 411(4)(b) of the Corporations Act;
- e) The PRFG Representations and Warranties being true and correct in all material respects;
- f) PRFG not having entered into any third party proposal, or any transaction, agreement or understanding with a third party, in relation to a third party proposal, which remains in force;
- g) There being no PRFG prescribed occurrence, or material adverse change;
- h) There being an extension of PRFG's Senior Debt Facility held by CBA on terms acceptable to Keybridge;
- i) There being an extension of the Mezzanine Debt Facility by means of PRFG and Keybridge executing a deed of amendment to the Mezzanine Debt Facility on or before 13 May 2013, and CBA consenting to the entry of PRFG into the amendment deed on terms acceptable to PRFG and Keybridge;

- j) The Proposed Scheme being approved by CBA;
- k) The terms of engagement between Deloitte and PRFG being amended on terms satisfactory to Keybridge;
- l) PRFG procuring the extinguishment of the amount of the liabilities owed by PRFG to PRFG's directors, Peter Llewellyn and Rod James, which exceed \$2 million, in a manner and on terms satisfactory to Keybridge;
- m) PRFG procuring amendments to the independent contractor contracts of the respective contracting entities of Peter Llewellyn and Rod James, on terms satisfactory to Keybridge;
- n) PRFG procuring the execution by all relevant parties of loan agreements between PRFG and each of Peter Llewellyn and Rod James (and their related independent contractor entities), on terms satisfactory to Keybridge; and
- o) The Proposed Scheme being given all necessary approvals and consents by ASIC.

Section 9.4 of the Transaction Scheme Booklet states that as at the date of the Transaction Scheme Booklet, PRFG is not aware of any circumstances which would cause the Conditions Precedent summarised in section 9.2 of the Transaction Scheme Booklet not to be satisfied. PRFG will, prior to the Scheme Meeting, advise PRFG Shareholders of the status of the various conditions by an announcement on PRFG's website.

3.4 Strategic Rationale of the Proposed Transaction

PRFG has been under pressure to repay the Mezzanine Debt Facility and currently has no certainty of ongoing funding from either CBA or Keybridge. Keybridge had previously indicated to PRFG that it would not extend the termination date of the Keybridge Facility past 7 April 2013. If the Scheme Implementation Agreement had not been entered into, the Mezzanine Debt Facility would have become due, and PRFG would have become technically insolvent. This would require PRFG's directors to consider alternative options including the appointment of a voluntary administrator.

Having entered into the Scheme Implementation Agreement, the termination date of the Mezzanine Debt Facility in the absence of a superior offer being received by PRFG has been extended to the date the Scheme Implementation Agreement is terminated, or 30 June 2013 if the Scheme Implementation Agreement is terminated due to a superior proposal being entered into.

In addition to the above, the directors of PRFG have identified a number of strategic benefits for PRFG and PRFG Shareholders that are expected to be realised from the Proposed Transaction. These additional benefits are outlined in section 2.1 of the Transaction Scheme Booklet.

Having regard to the circumstances outlined above and the matters set out in section 2.1 of the Transaction Scheme Booklet and in the absence of a Superior Proposal, the directors of PRFG consider Proposed Transaction to be in the best interests of the PRFG Shareholders.

4.0 Scope of Report & Methodology for Assessment

4.1 Scope of the Report

An independent expert, in certain circumstances, must be appointed to meet the requirements set out in the Corporations Act, the Corporations Regulations 2001 ('the Corporations Regulations'), the regulatory guides ('RGs') published by ASIC and in some cases, the listing requirements of the stock exchanges on which a company is listed. We have summarised the requirements of the Corporations Act and the ASX listing requirements in Sections 4.1.1 and 4.1.2 below respectively. We have summarised the guidance provided by the RGs in Section 4.2 below.

PRFG has engaged BDO CFQ to provide an opinion on whether the Proposed Transaction is in the best interests of PRFG Shareholders. This Report cannot be used by any other person for any other reason or for any other purpose. A copy of this Report will accompany the Transaction Scheme Booklet which comprises the Notice of Meeting and the Explanatory Statement to be sent to PRFG Shareholders by PRFG.

This Report is general financial product advice only and has been prepared without taking into account the objectives, risk profile, financial situation or needs of individual PRFG Shareholders. Before acting in relation to their investment, individual PRFG Shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs (including their own taxation consequences). PRFG Shareholders should read in full all relevant documentation provided to them including the Transaction Scheme Booklet which comprises the Notice of Meeting, the Explanatory Statement, and all other information provided.

The decision to vote in favour of or against the Proposed Transaction is a matter for individual shareholders based on their expectations as to value and future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. PRFG Shareholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their own professional adviser.

4.1.1 Requirements of the Corporations Act

In order for the Proposed Transaction to be implemented, PRFG Shareholders must approve the Proposed Scheme. Section 411 of the Corporations Act relates to Australian schemes of arrangement. Under section 411 of the Corporations Act, in order for an Australian scheme of arrangement to be approved, no less than 75% of the votes cast at the scheme meeting must vote in favour of the scheme and no less than 50% by number of the shareholders present and voting at the meeting must vote in favour of the scheme.

Part 3 of Schedule 8 of the Corporations Regulations details the prescribed information relating to schemes of arrangements. Specifically, clause 8303 of Schedule 8 states that an independent expert's report stating whether, in the opinion of the expert, the proposed scheme is in the best interests of the company's shareholders must accompany a scheme document if:

- (a) A party to the proposed scheme has a prescribed shareholding in the company subject to the scheme; or
- (b) The directors of the company are also directors of the company subject to the scheme.

As at the date of this Report, we understand that the above conditions do not apply and neither the Corporations Act nor the Corporations Regulations specifically require that an independent expert's report be provided to PRFG Shareholders in relation to the Proposed Transaction. While this Report is not required to be provided for the purpose of complying with any specific provisions of the Corporations Act or the Corporations Regulations, we have been requested by the directors of PRFG to prepare this Report to accompany the Transaction Scheme Booklet.

4.1.2 Listing Requirements

This Report has not been prepared for the purpose of complying with any ASX Listing Rules.

4.2 Assessment Methodology

ASIC have issued Regulatory Guide 111: *Content of Expert Reports* ('RG 111'), which provides guidance in relation to independent expert's reports. RG 111 relates to the provision of independent expert's reports in a range of circumstances, including those where the expert is required to provide an opinion in relation to a takeover. RG 111 states that the independent expert's report should explain the particulars of how the transaction was examined and evaluated as well as the results of the examination and evaluation.

RG 111 specifically differentiates between control and non-control transactions in providing guidance on the type of analysis to complete. Where a control transaction is to occur by way of a scheme of arrangement, RG 111 states that the independent expert should have regard to whether the transaction is 'fair' and 'reasonable' to shareholders before concluding on whether the transaction is in the best interests of shareholders.

Under RG 111, an offer will be considered 'fair' if the value of the consideration to be received by the shareholders is equal to or greater than the value of the shares that are the subject of the offer. To assess whether an offer is 'reasonable', an expert should examine other significant factors to which shareholders may give consideration prior to accepting or approving the offer. This includes comparing the likely advantages and disadvantages of accepting the offer with the position of the shareholders if they do not accept the offer.

In our view, the Proposed Transaction represents a 'control transaction' for reasons which include the following:

- A significant portion of the consideration in the Proposed Transaction will be paid in cash to PRFG Shareholders;
- Existing Keybridge shareholders in aggregate will hold more than 98.5% of the shares in the Combined Entity;
- The entire board of directors and executive management of the Combined Entity will be existing Keybridge board members and executive management; and
- The intention of both PRFG and Keybridge directors is for Keybridge to gain control of PRFG following the completion of the Proposed Transaction.

As it is our view that the Proposed Transaction represents a control transaction, we have considered whether the transaction is 'fair' and 'reasonable' to PRFG Shareholders before concluding on whether the Proposed Transaction is in the 'best interests' of PRFG Shareholders.

To meet the ASIC requirements, an expert seeking to determine whether a proposal is 'fair' and 'reasonable', and therefore in the 'best interests' of shareholders, should complete the steps set out below.

4.2.1 Step 1 - Assessment of Fairness

To assess whether the Proposed Transaction is 'fair', in our view it is appropriate to:

- (a) Determine the value of a share in PRFG on a controlling interest basis prior to the Proposed Transaction. Our valuation of PRFG is set out in Section 8.0 of this Report. For completeness, in relation to our valuation we note the following:
 - i. We have considered the value of PRFG on a controlling interest basis as the Proposed Transaction involves PRFG Shareholders giving up control of PRFG in return for a minority interest in the Combined Entity and cash; and
 - ii. In accordance with paragraph 111.15 of RG 111, we have not adjusted our valuation for the financial distress of PRFG in completing our valuation work. We have considered the value of PRFG on the basis of a knowledgeable and willing, but not anxious, seller that is able to consider alternative options to the Proposed Transaction. Had we considered the current financial distress of PRFG, it is likely that our valuation would have resulted in a lower value. We have considered the attractiveness and/or availability of alternative methods to remedy the financial distress when considering the reasonableness of the Proposed Transaction;
- (b) Determine the value of the consideration (comprising both scrip in the Combined Entity and cash) to be received by PRFG Shareholders for each share under the Proposed Transaction. This analysis is set out in Section 10.0 of this Report; and
- (c) Compare the value determined in (a) above with the value determined in (b) above. Under RG 111 the Proposed Transaction will be considered 'fair' to PRFG Shareholders if the value held by PRFG Shareholders post the Proposed Transaction determined in (b) above is equal to or greater than the value held by PRFG Shareholders prior to the Proposed Transaction as determined in (a) above.

Our assessment of the fairness of the Proposed Transaction is set out in Section 11.0 of this Report.

The valuation work set out in this Report is completed using publicly available information in addition to information provided to us by the directors and management of PRFG, Keybridge and their advisors.

4.2.2 Step 2 - Assessment of Reasonableness

To assess whether the Proposed Transaction is 'reasonable', in our view it is appropriate to examine other significant factors to which PRFG Shareholders may give consideration to prior to deciding whether to vote in favour of or against the Proposed Transaction. This evaluation may involve comparing the likely advantages and disadvantages of approving the Proposed Transaction with the position of a PRFG Shareholder if the Proposed Transaction is not approved, as well as consideration of other significant factors such as the attractiveness and/or availability of alternative methods to remedy the financial distress of PRFG.

Our assessment of the reasonableness of the Proposed Transaction is set out in Section 12.0 of this Report.

4.2.3 Step 3 - Expert's Opinion

Upon completion of steps 1 and 2 above, it may be possible to conclude whether the Proposed Transaction is 'fair' and/or 'reasonable' to PRFG Shareholders. We note that under RG 111, the Proposed Transaction is considered to be 'reasonable' if it is 'fair'. It may also be possible to conclude that the Proposed Transaction is 'reasonable' if there are sufficient valid reasons for the approval, notwithstanding that the Proposed Transaction may not be 'fair' to the PRFG Shareholders.

This Report will conclude by providing our opinion as to whether or not the Proposed Transaction is fair, reasonable and in the best interests of PRFG Shareholders. While all relevant issues must be considered prior to forming an overall opinion, we will assess the fairness and reasonableness issues separately for clarity.

If our opinion of the Proposed Transaction is that it is 'fair and reasonable' then we will also be able to conclude that the Proposed Transaction is 'in the best interests of the shareholders of PRFG'. If our opinion of the Proposed Transaction is that it is 'not fair but reasonable', we may still conclude that the Proposed Transaction is 'in the best interests of the shareholders of PRFG'. In this circumstance, we will clearly state that the consideration is not equal to or greater than the value of a PRFG share, however it is our view that there are sufficient reasons for PRFG Shareholders to vote in favour of the Proposed Transaction in the absence of a superior proposal. If our opinion of the Proposed Transaction is that it is 'not fair and not reasonable' then we will conclude that the Proposed Transaction is 'not in the best interests of the shareholders of PRFG'.

Our conclusion in relation to whether or not the Proposed Transaction is in the best interests of the shareholders of PRFG is set out in Section 13.0 of this Report.

In this Report we have not provided any taxation, legal or other advice in relation to the Proposed Transaction. Other advisors have provided advice on those matters to PRFG in relation to the Proposed Transaction.

In the process of assessing the Proposed Transaction, we have relied on certain economic, market and other conditions prevailing at the date of this Report. We note that changes in these conditions may have a material impact on the results presented in this Report. BDO CFQ is not responsible for updating this Report in the event that these circumstances change.

This Report has been prepared in accordance with professional standard APES 225 'Valuation Services' issued by the Accounting Professional and Ethical Standards Board Limited.

5.0 Background of PRFG

Section 5.0 of this Report is set out as follows:

- Section 5.1 provides an overview of PRFG’s business operations, a summary of its current financial position and an overview of the process recently conducted to explore the funding options available to PRFG;
- Section 5.2 sets out the equity structure of PRFG; and
- Section 5.3 summarises the recent historical financial information of PRFG.

The information set out in this section has been obtained from various sources including publicly available information and other reports, comments and instructions provided by the directors and management of PRFG.

5.1 PRFG Company Description

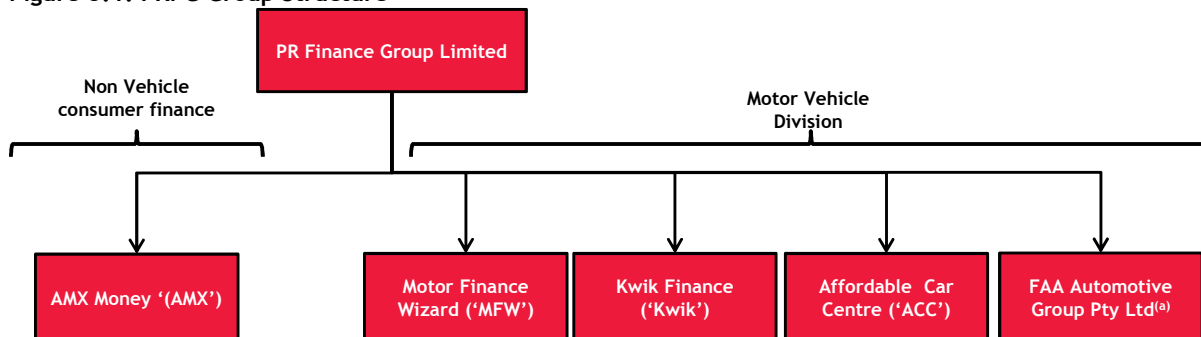
5.1.1 Overview of PRFG’s Business Operations

PRFG is an integrated finance company specialising in motor vehicle leasing and finance and non-vehicle personal finance solutions. The company was established in 2001 and is a non-listed public company operating in Australia. PRFG provides services to customers that typically have difficulty sourcing traditional finance solutions from mainstream lenders such as banks because they do not meet standard income verification and credit history criteria.

Figure 5.1 below summarises PRFG’s two main business divisions, namely the Motor Vehicle Division (‘MVD’) and Non Vehicle Consumer Finance Division (‘NVCFD’) along with the various trading names and/or entities within each division. The trading names and entities are discussed in more detail below Figure 5.1.

Section 5.2 of the Transaction Scheme Booklet sets out more detailed information in relation to PRFG’s group structure, and Sections A.1 and A.2 of Appendix A of this Report set out more detailed information in relation to the vehicle finance and personal finance industries that PRFG operates in.

Figure 5.1: PRFG Group Structure



Source: PRFG Management

(a) PRFG has a beneficial interest in a discretionary trust that holds a 50% interest in FAA Automotive Group Pty Ltd

AMX Money

PRFG's Non Vehicle Consumer Finance division operates under the AMX Money ('AMX') brand. AMX provides short term financing and cash cheque solutions to nonconforming customers. AMX contributes approximately 5% of group revenue and operates out of 22 centres in Queensland, New South Wales and the Northern Territory. PRFG wholly owns 10 centres and has partnerships in another 4 centres. The remaining 8 centres are held by franchisees that pay royalties to PRFG.

Motor Finance Wizard

Motor Finance Wizard ('MFW') is PRFG's primary brand and contributed approximately 90% of group revenue during the 2012 financial year. MFW primarily services clients who are unable to obtain financing from traditional sources. MFW provides vehicle financing solutions via a lease and warranty exclusively through its own dealerships. MFW currently operates out of three dealerships located in Slacks Creek (Qld), St Mary's (NSW) and Maidstone (Vic).

Kwik Finance

Kwik Finance ('Kwik') operates as the collector of receivables for the MFW operation. Kwik does not collect receivables for any entity other than PRFG and is not directly involved with providing finance.

Affordable Car Centre

Affordable Car Centre ('ACC') provides a more traditional retail dealership operation, using a traditional method of third party retail finance and cash sales. ACC was established to provide financing to customers who were not in MFW's target market. ACC currently operates two dealerships located in Kedron (Qld) and Footscray (Vic).

FAA Automotive Australia Pty Ltd ('FAA')

PRFG has a beneficial interest in a discretionary trust that holds a 50% interest in FAA Automotive Australia Pty Ltd ('FAA'). In November 2011, FAA was awarded the Australian distribution rights for Foton vehicles imported from China.

While the distribution rights were awarded in 2011, we understand that PRFG has only recently entered into distribution arrangements in relation to the Foton vehicles. We understand that as at the date of this Report, FAA is not envisaged to form a significant part of PRFG's overall business nor make a material contribution to the company's earnings in future periods. Further, we understand that the company has not received any distributions from the discretionary trust to date.

5.1.2 Summary of PRFG's Current Financial Position

The Senior Debt Facility

PRFG was required to enter into a debt reduction arrangement in relation to the Senior Debt Facility held by CBA in 2009. PRFG was able to reduce its debt upon entering this debt reduction arrangement and in January 2011 PRFG negotiated a new 3 year interest only term for the Senior Debt Facility to 30 November 2013. The new terms included the establishment of a \$40 million limit on the facility and the suspension of dividend payments and bonuses to shareholders and directors.

The Senior Debt Facility and the Mezzanine Debt Facility have placed significant capital constraints on PRFG and have adversely impacted the operations and earnings of the company. In 2012, having regard to the capital constraints on the company, PRFG's directors instigated an extensive process to explore the funding options available to PRFG, including selling or recapitalising the company. In September 2012, PRFG signed a heads of agreement for the sale of its Motor Vehicle Division to Marubeni Corporation ('Marubeni'), a multi-national group. This sale was ultimately unsuccessful and the acquisition was not submitted to Marubeni's investment committee.

Following the unsuccessful sale to Marubeni, PRFG breached covenants on the Senior Debt Facility and the CBA instructed PRFG to cease payments on the Mezzanine Debt Facility to Keybridge.

The Mezzanine Debt Facility

The Mezzanine Debt Facility is a subordinated secured loan held by Keybridge. In January 2007, PRFG established the Mezzanine Debt Facility with a term of approximately 3 years which expired in November 2010. Upon expiry of this initial term, PRFG negotiated temporary extensions until January 2011 and engaged the professional services firm, Deloitte, to seek alternative funding options to repay Keybridge.

During 2011, PRFG's senior lender, CBA, expressed an interest in acquiring the Mezzanine Debt Facility from Keybridge and undertook a due diligence process over the six to eight month period ended January 2012. PRFG was able to negotiate a further extension on the Mezzanine Debt Facility to January 2012 while the CBA conducted its due diligence process. This extension was granted at an increased interest rate of 19.0% per annum and PRFG was required to pay extension fees.

PRFG engaged Deloitte again in February 2012 and commenced preliminary discussions with Marubeni in March 2012. On the basis of these discussions having been initiated, PRFG renegotiated a further six month extension on the Mezzanine Debt Facility to 30 September 2012. The interest rate on the Mezzanine Debt Facility was increased to 24.0% per annum under the terms of this extension. A heads of agreement was signed with Marubeni in early September 2012, and as a result, Keybridge granted PRFG a further extension to 31 December 2012 with an automatic extension to February 2013.

As previously stated, the proposed acquisition by Marubeni was not completed and PRFG defaulted on the Mezzanine Debt Facility at 31 December 2012 and breached covenants associated with its Senior Debt Facility at this time. PRFG formally reported the breaches to CBA in February 2013.

Subsequent to this default, Keybridge approached PRFG with a proposal to acquire 100% of the company via a scheme of arrangement and agreed to extend the facility until 26 March 2013. On 30 March 2013, following further interim extensions, the parties agreed on the final terms of the proposed acquisition giving effect to the Proposed Transaction that is the subject of this Report.

5.1.3 Summary of Process Conducted to Explore Options Available to PRFG

Having considered the unfavourable debt position of PRFG and the requirements imposed on PRFG by its financiers (as outlined in Section 5.1.2 above), PRFG's directors carried out a strategic review of the company's operations and engaged Deloitte in 2012 to explore the options available to the company.

Over the past 12 months, Deloitte have completed an extensive search in an attempt to identify a number of potential investors and acquirers with a view to either selling all or part of PRFG, or securing a cornerstone investor to recapitalise the company. During this process, Deloitte contacted a total of 98 parties, issued 41 preliminary information documents and distributed 13 detailed information memorandum documents. This process yielded only 2 offers (excluding the Proposed Transaction). As at the date of this Report, whilst discussions continue with other parties, no other offers are currently open for acceptance by PRFG.

5.2 PRFG Equity Structure and Trading of PRFG Shares

PRFG is owned substantially by the two founding members Rod James and Peter Llewellyn. The founding members and their associated entities hold a relevant interest in 31.8% of PRFG shares each. Both of the founding members are currently joint Managing Directors of PRFG.

Table 5.1 sets out the top 10 shareholders of PRFG as at the date of this Report.

Table 5.1: Top 10 PRFG Shareholders

	Shareholder	Shares Held	Ownership Interest
1.	Dyna Pty Ltd (Dyna A/C)	52,931,683	30.74%
2.	PCL Investments Pty Ltd (Red Dragon A/C)	43,931,683	25.51%
3.	Wizardcorp Pty Ltd (GS Investment Services Trust No 4 A/C)	15,798,726	9.18%
4.	Mr PE Llewellyn & Ms CJM Llewellyn (Llewellyns Superannuation Fund)	9,000,000	5.23%
5.	UBS Securities Australia Limited	7,507,012	4.36%
6.	HSBC Custody Nominees (Australia) Limited - GSCO ECA	6,005,609	3.49%
7.	Mr G Spottiswood & Mrs S Spottiswood (Spatholme Super Fund A/C)	3,962,469	2.30%
8.	Nyah Pty Ltd (Elmslie Family S/F A/C)	3,438,277	2.00%
9.	Mr R Alvaro	3,273,057	1.90%
10.	Cairns Motor Finance Pty Ltd (Cairns Motor Fin Unit A/C)	2,000,000	1.16%
	Other Shareholders	24,342,573	14.14%
	Total	172,191,089	100.00%

Source: Transaction Scheme Booklet and PRFG Management

With regards to recent share trading information in relation to PRFG shares, we have been advised that there have been only a limited number of share trades in recent years and that these trades have generally occurred between related parties. We are instructed that no other material share trading transactions have occurred between unrelated parties in recent years. This is not unexpected given PRFG is an unlisted public company and its shares are not readily tradable.

5.3 Summary of Historical Financial Information

This section sets out the historical financial information of PRFG. As this Report contains only summarised historical financial information, we recommend that any user of this Report read and understand the additional notes and financial information contained in PRFG's annual reports.

PRFG's financial statements for the 12 month periods ended 30 June 2010 and 30 June 2011 were audited by Merrotts Chartered Accountants. The financial statements for the 12 month period ended 30 June 2012 have been audited by Merrotts Chartered Accountants however the accounts remain in draft pending auditor sign-off.

BDO CFQ has not performed any audit or review of any type on the historical financial information of PRFG. We make no statement as to the accuracy or completeness of the information provided.

We note that while the consolidated financial statements of PRFG have been prepared on a going concern basis, PRFG's directors noted in the company's 2012 annual report that PRFG's ability to continue to operate as a going concern is dependent upon the company's ability to satisfy conditions imposed by its financiers or extend its finance facilities. The conditions imposed upon PRFG are reliant on the successful sale of the company's Motor Vehicle Division.

Further, we understand that PRFG has been advised by its external auditor that the final audit opinion is likely to be a qualified opinion and will include an emphasis of matter in relation to PRFG's ability to continue to operate as a going concern. We recommend that readers of this Report refer to PRFG's 2012 annual report for further information in relation to PRFG's ability to continue operating as a going concern.

5.3.1 Comprehensive Income

The statement of comprehensive income of PRFG for the 12 month periods ended 30 June 2010, 30 June 2011, 30 June 2012 and for the 8 months ended 28 February 2013 are summarised in Table 5.2 below. PRFG Shareholders interested in reading the full statement of comprehensive income should refer to PRFG's annual reports for the 12 month periods ended 30 June 2010, 30 June 2011 and 30 June 2012.

Table 5.2: Summarised PRFG Statements of Comprehensive Income

	Audited Actual Year ended 30-Jun-10 (\$ '000)	Audited Actual Year ended 30-Jun-11 (\$ '000)	Draft Actual Year ended 30-Jun-12 (\$ '000)	Unaudited Actual 8 Months to 28-Feb-13 (\$ '000)
Revenue	92,643	85,546	88,716	59,612
Total Revenue	92,643	85,546	88,716	59,612
Cost of Sales	(63,923)	(59,316)	(62,046)	(42,782)
Gross Profit	28,720	26,230	26,670	16,830
Expenses				
Marketing	(1,765)	(1,321)	(1,309)	(908)
Occupancy	(3,331)	(3,175)	(2,762)	(1,484)
Administration	(15,706)	(15,296)	(14,039)	(10,025)
Share of net profit/(loss) of partnerships	303	322	387	321
Share of net profit/(loss) of associates	(90)	(50)	-	-
Impairment Charge	-	-	(29,385)	-
Total expenses	(20,590)	(19,520)	(47,107)	(12,096)
EBITDA	8,130	6,710	(20,437)	4,734
Amortisation	(189)	(131)	(137)	(89)
Depreciation	(238)	(181)	(153)	(88)
EBIT	7,703	6,397	(20,727)	4,556

	Audited Actual Year ended 30-Jun-10 (\$ '000)	Audited Actual Year ended 30-Jun-11 (\$ '000)	Draft Actual Year ended 30-Jun-12 (\$ '000)	Unaudited Actual 8 Months to 28-Feb-13 (\$ '000)
Finance Costs	(7,611)	(7,436)	(6,604)	(5,223)
Income tax Benefit/(Expense)	(57)	218	(629)	191
NPAT	35	(821)	(27,960)	(476)

Source: PRFG 2010 & 2011 Annual Reports, 2012 Draft Financial Statements and February 2013 Management Accounts

In relation to the financial performance of PRFG set out in Table 5.2 above we note the following:

- Revenue decreased from \$92.6 million in 2010 to \$85.5 million in 2011, primarily due to an 11.4% decrease in the number of lease contracts through MFW. The number of lease contracts decreased by a further 20.1% in 2012, however this was offset by growth achieved in the ACC business which led to a net increase in revenues to \$88.7 million;
- The number of lease contracts through MFW was significantly impacted by PRFG having to enter into a debt reduction arrangement with CBA, the company's senior lender, in 2009. The lower levels of finance available and the debt repayment obligations have constrained PRFG's business operations;
- The impairment charge of \$29.4 million recorded in FY2012 relates to impairment on the Motor Vehicle Division net assets to reflect the difference between the book value of the division and the fair value of the division which was estimated as part of the proposed sale to Marubeni; and
- The administration expense item includes employee salaries and rental expense on operating leases.

5.3.2 Financial Position

Table 5.3 below sets out PRFG's audited statements of financial position as at 30 June 2010, 30 June 2011 and 30 June 2012, as well as the company's unaudited statement of financial position as at 28 February 2013.

Table 5.3: Summarised PRFG Statements of Financial Position

	Audited Actual As at 30-Jun-10 (\$ '000)	Audited Actual As at 30-Jun-11 (\$ '000)	Draft Actual As at 30-Jun-12 (\$ '000)	Unaudited Actual As at 28-Feb-13 ^(a) (\$ '000)
Current Assets				
Cash and cash equivalents	1,264	1,070	774	659
Trade and other receivables	41,699	41,102	35,188	35,410 ^(a)
Inventories	5,636	4,170	3,088	2,103
Deferred tax assets	391	-	-	-(a)
Other current assets	337	364	316	158
Total Current Assets	49,328	46,705	39,366	38,330
Non-Current Assets				
Trade and other receivables	51,222	49,769	58,164	58,532 ^(a)
Investments in partnerships	619	566	645	757

	Audited Actual As at 30-Jun-10 (\$ '000)	Audited Actual As at 30-Jun-11 (\$ '000)	Draft Actual As at 30-Jun-12 (\$ '000)	Unaudited Actual As at 28-Feb-13 ^(a) (\$ '000)
Properties, plant and equipment	1,227	1,028	850	803
Deferred tax assets	20,781	24,187	32,081	32,978 ^(a)
Goodwill and other intangible assets	8,307	8,196	8,292	8,246
Total Non-Current Assets	82,156	83,746	100,033	101,376
Total Assets	131,484	130,451	139,399	139,646
Current Liabilities				
Trade and other payables	3,828	5,095	5,032	4,352 ^(a)
Borrowings	58,852	14,417	13,300	54,022 ^(a)
Current tax liabilities	65	8	7	(6)
Short-term provisions	806	603	29,989	30,065
Total Current Liabilities	63,551	20,123	48,328	88,433
Non-Current Liabilities				
Borrowings	14	40,018	40,180	-(a)
Deferred tax liabilities	16,973	20,150	28,667	29,373
Long-term provisions	136	164	188	280
Total Non-Current Liabilities	17,123	60,332	69,035	29,653
Total Liabilities	80,674	80,455	117,363	118,086
Net Assets	50,810	49,996	22,036	21,560
Equity				
Issued Equity	33,374	33,374	33,374	33,374
Reserve	466	473	473	473
Retained profits	16,970	16,149	(11,811)	(12,287)
Total Equity	50,810	49,996	22,036	21,560

Source: PRFG 2010 & 2011 Annual Reports, 2012 Draft Financial Statements and February 2013 Management Accounts

(a) We have made certain adjustments and modified the classification of certain assets and liabilities between 'current' and 'non current' in the unaudited management accounts as at 28 February 2013 to be consistent with prior years. These adjustments had no impact on the overall net assets of PRFG as at 28 February 2013 and were made only to allow comparisons to prior years in the above table.

With reference to the financial position of PRFG set out in Table 5.3 above, we note the following:

- During FY2013, PRFG breached covenants attached to the Senior Debt Facility and went into default on the Mezzanine Debt Facility held by Keybridge. As at 28 February 2013, PRFG's debt facilities are classified as current liabilities. Refer to Section 5.1.2 for further information in relation to PRFG's debt facilities;
- Total current and non-current borrowings decreased from \$58.9 million as at 30 June 2010 to \$53.5 million as at 30 June 2012 as operating cash inflows were primarily used to retire debt and meet the requirements of the senior and mezzanine lenders. The debt balance as at 28 February 2013 has increased to \$54.0 million due to the capitalisation of interest payments and the extension of fees relating to the Mezzanine Debt Facility;
- The increase in short term provisions from \$0.6 million in FY2011 to \$29.5 million in FY2012 relates to an impairment provision reflecting the difference between the book value of the division and the fair value of the division represented by the expected sale proceeds arising from the proposed sale to Marubeni; and

- In FY2012, net assets have reduced by approximately \$27.5 million compared to FY2011, largely due the impairment provision of \$29.5 million. Apart from the impairment provision balance recorded in the audited financial statements as at 30 June 2012 and management accounts as at 28 February 2013, PRFG's net assets as shown in the financial statements have been relatively stable at approximately \$50.0 million over the past three financial years.

5.3.3 Cash Flows

The statement of cash flows of PRFG for the 12 month periods ended 30 June 2010, 30 June 2011 and 30 June 2012 are summarised in Table 5.4 below. We understand that no statement of cash flows was prepared for the 8 months to 28 February 2013.

Table 5.4: Summarised PRFG Statements of Cash Flows

	Audited Actual Year ended 30-Jun-10 (\$ '000)	Audited Actual Year ended 30-Jun-11 (\$ '000)	Draft Actual Year ended 30-Jun-12 (\$ '000)
Cash flow from operating activities			
Receipts from customers	73,814	56,690	52,109
Payments to suppliers and employees	(55,346)	(44,905)	(43,758)
Interest received	40	42	17
Finance costs paid	(6,721)	(8,038)	(6,813)
Income tax paid	(584)	(67)	(8)
Net cash from operating activities	11,202	3,722	1,546
Cash flow from investing activities			
Proceeds from sale of PP&E	5	114	16
Proceeds from sale of investments	933	377	-
Payments for PP&E	(76)	(57)	(120)
Payment for investments	(140)	-	-
payments for intangibles	(55)	(23)	(300)
Net movement in AMX customer loans	(322)	(27)	(510)
Net movement loans to management personnel	-	0.2	-
Net movement loans to associates	(505)	(96)	(198)
Net movement loans to related parties	(446)	(94)	(68)
Drawings from investment in partnerships	218	325	308
Net cash from investing activities	(387)	520	(871)
Cash flow from financing activities			
Net proceeds (repayment) of borrowings	(7,991)	(4,358)	(1,212)
Net finance lease proceeds (repayments)	(248)	(78)	242
Net cash from/(used) in financing activities	(8,239)	(4,436)	(970)
Net increase (decrease) in cash and cash equivalents	2,576	(193)	(295)
Cash at beginning of year	(1,312)	1,264	1,264
Cash at end of year	1,264	1,071	968

Source: PRFG 2010 & 2011 Annual Reports and 2012 Draft Financial Statements

With reference to Table 5.4 above, we note that PRFG has generated minimal positive cash flows over the past three years. PRFG's cash flows have been negatively impacted by the requirements of its financiers. These requirements included the debt reduction arrangement that PRFG entered into with its senior lender in 2009.

6.0 Background of Keybridge

Section 6.0 of this Report is set out as follows:

- Section 6.1 provides an overview of Keybridge and its operations;
- Section 6.2 sets out the group structure of Keybridge;
- Section 6.3 sets out the equity structure of Keybridge;
- Section 6.4 summarises the recent share market performance of Keybridge; and
- Section 6.5 summarises the recent historical financial information of Keybridge.

The information set out in this section has been obtained from various sources including publicly available information and other reports, comments and instructions provided by the directors and management of Keybridge.

6.1 Keybridge Company Description

Keybridge was established in October 2006 as a listed investment company. Keybridge is currently listed on the ASX under the ASX code KBC. Keybridge focuses on investing in long term alternate assets via a portfolio of loans and investments. These investments include senior secured loans and subordinated loans, to entities in a range of industries.

Keybridge has previously breached the terms of its corporate debt facility and as a result is unable to pay any dividends or make any new investments until the debt facility is fully repaid. Keybridge's corporate debt facility has a maturity date of 3 June 2013. We understand that the Keybridge anticipates repaying this facility in full prior to maturity. Keybridge has not made any new investments since October 2008 and is currently in the process of realising many of its key assets to reduce its outstanding debt.

Table 6.1 sets out the asset classes of Keybridge's portfolio of investments as at 31 December 2012 including a brief description of each class.

Table 6.1: Keybridge's Investment Portfolio

Asset Class	Description
Aviation	Comprises mezzanine loans to aviation leasing companies and equity investments in PTB Group Limited.
Property	Loans made to property developers and loans secured by commercial mortgages.
Lending	Subordinated loans made to PRFG.
Infrastructure	Loans and equity investments in a solar electricity facility in Spain.
Private Equity	Preferred equity investment in closed end private equity fund in the United States.
Shipping	Loans to and equity investments in ships and ship holding companies chartered for various terms to ship operating companies.

Source: 31 December 2012 Keybridge Financial Report

Sections 6.1.1 to 6.1.6 below set out a more detailed overview of each asset class. Section A.3 of Appendix A sets out more detailed information in relation to the diversified financials industry that Keybridge operates in.

6.1.1 Aviation

Keybridge's aviation investments include:

- Until recently, a series of mezzanine loans that were secured by four commercial aircraft (Airbus A330-300s). However, Keybridge announced in its 31 December 2012 interim report that it had sold one aircraft to a third party leasing company on 15 February 2013 which resulted in loan repayment proceeds of approximately US\$2.4 million being payable to Keybridge. On 1 May 2013 Keybridge announced to the ASX that it had sold its three remaining aircraft for a consideration of US\$29.7 million; and
- An equity investment in PTB Group Limited, an ASX listed general aviation company. Keybridge holds approximately 5.8 million shares in PTB Group Limited which comprises approximately 18.0% of the company.

6.1.2 Property

Keybridge's investments in the property industry are through two subordinated secured loans.

The first of these loans is to the project developer of a multi-staged inner city residential development in Sydney. As at the date of this Report the developer has achieved the following milestones in relation to the development:

- Successful completion of stages one and two, with all properties sold;
- Construction of stage three underway, with required pre sales numbers met; and
- Secured funding for stage four, with construction expected to commence in early 2013.

Keybridge anticipates that the project will be completed in late 2014 and the company expects to receive the return of principal, together with interest, in the first half of 2016.

Keybridge's second loan investment is secured by a pool of Australian commercial mortgages. After successful refinancing of one of the pool's underlying performing loans and repayment of the senior lender, Keybridge is now the sole lender to the remaining portfolio. Keybridge received a principal repayment in January 2013 of \$0.467 million and expects the remainder of its present carrying value to be paid off over the next two years.

6.1.3 Lending

Keybridge's lending investments consist of one subordinated loan to PRFG. Refer to Section 5.0 for further information in relation to PRFG and Section 5.1.2 for further information in relation to the subordinated loan.

6.1.4 Infrastructure

Keybridge's infrastructure investment consists of a loan to, and an equity accounted investment in, a solar electricity facility in Spain. The facility is currently performing in line with its contractually obligated output levels. Keybridge intends to actively seek a buyer for the facility once proposed legislative changes to the Spanish taxation system are released.

6.1.5 Private Equity

Until recently, Keybridge had an infrastructure investment comprising a preferred equity investment in a closed end private equity fund in the United States.

As part of the sale of Keybridge’s aviation assets, announced to the ASX on 1 May 2013, Keybridge has restructured its private equity asset in favour of Republic Finance Corporation. The restructure involved the sale of Keybridge’s private equity asset for US\$4.3 million to Republic Finance Corporation in return for a limited recourse loan (recourse limited to the asset sold) with interest payable to Keybridge at 14.5% per annum and a maturity date of 31 December 2017. No cash was derived from the transaction and the sale was at a US\$0.3 million discount to the asset’s book value as at 31 December 2012.

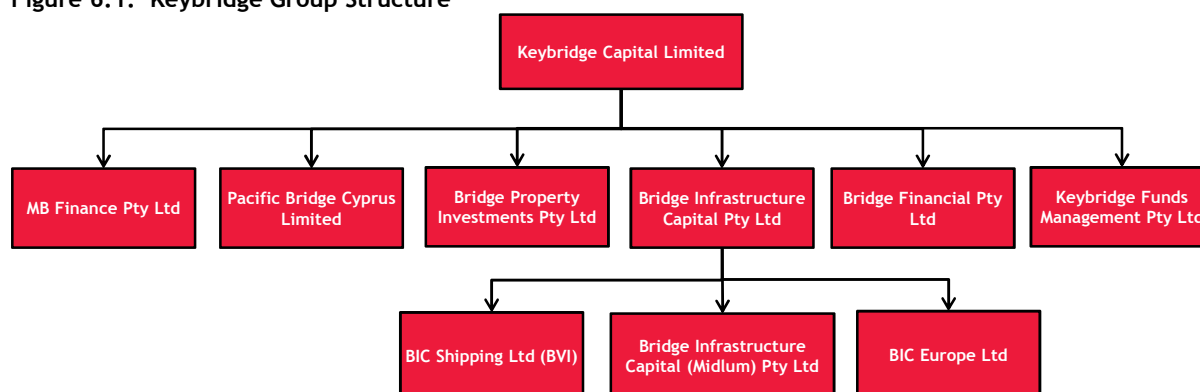
6.1.6 Shipping

Keybridge is a co-investor in a portfolio of four chemical carrying vessels. The vessels are currently employed and managed by co-investor Tufton Oceanic Limited in the UK. Keybridge currently does not assign any value to these investments due to current independent market values of the vessels being below the senior loans attached to the vessels.

6.2 Keybridge Group Structure

Figure 6.1 below sets out the group structure of Keybridge.

Figure 6.1: Keybridge Group Structure



Source: Keybridge Management

6.3 Keybridge Equity Structure

6.3.1 Ordinary Shares

Keybridge had 172,070,564 fully paid ordinary shares on issue as at 18 April 2013.

Keybridge has issued a further 5,975,000 unpaid and unquoted ordinary shares under a director and employee share scheme. We have been advised by Keybridge management that all shares issued under the director and employee share scheme have been surrendered to the trustee of the share scheme and will be cancelled in due course. We have not included the impact of these shares in our analysis of the Proposed Transaction for the purposes of this Report. The top 10 shareholders of Keybridge as at 18 April 2013 are set out in Table 6.2 below. Table 6.2 does not consider the impacts of any change in shareholdings arising as a result of the Proposed Transaction.

Table 6.2: Top 10 Keybridge Shareholders as at 18 April 2013

	Shareholder	Shares Held ^(a)	Ownership Interest ^(a)
1.	Oceania Capital Partners Limited	34,396,358	19.99%
2.	Australian Style Group Pty Ltd	31,763,337	18.46%
3.	J P Morgan Nominees Australia Limited	8,353,974	4.85%
4.	RBC Investor Services	6,000,000	3.49%
5.	Whitechurch Developments Pty Ltd	5,357,838	3.11%
6.	Cherryoak Investments Pty Ltd (C & N Family A/C)	4,000,000	2.32%
7.	Armada Trading Pty Limited	3,652,194	2.12%
8.	Citicorp Nominees Pty Limited	2,580,017	1.50%
9.	Mr PM Burroughs	2,000,000	1.16%
10.	Mr DG Mackenzie & Mrs GE Mackenzie	1,662,000	0.97%
	Other Shareholders	72,304,846	42.02%
	Total	172,070,564	100%

Source: Transaction Scheme Booklet, Keybridge Management and BDO CFQ Analysis

(a) Based on total fully paid ordinary shares on issue which excludes the 5,975,000 unpaid, unquoted shares

6.3.2 Listed and Unlisted Options

As at the date of this Report, there were no listed or unlisted options written against Keybridge stock.

6.3.3 Performance Rights

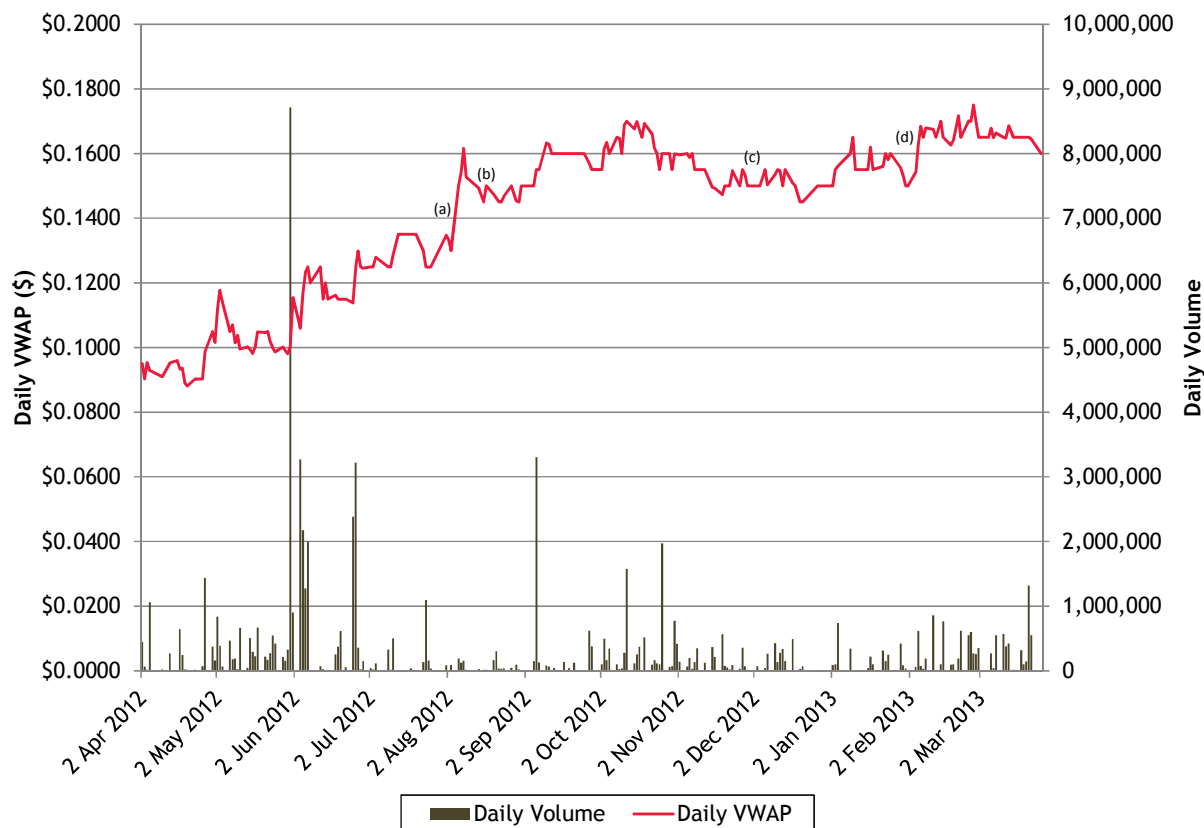
We understand that a total of 5,483,333 performance rights were granted to management in prior periods with a vesting date of 31 August 2011. The vesting conditions of these performance rights were based on performance over the period from 1 July 2010 to 31 August 2011. We understand that 75% of these performance rights vested at an average share price of \$0.065 and were paid out in cash with the remaining 25% lapsing. Accordingly, no performance rights are outstanding as at the date of this Report.

6.4 Summary of Keybridge ASX Trading Data

6.4.1 Share Market Performance of Keybridge

Keybridge shares are listed on the ASX. Figure 6.2 below shows Keybridge's daily volume-weighted average share price ('VWAP') and the volume of shares traded each day over the period from 2 April 2012 to 1 April 2013 inclusive.

Figure 6.2: Daily VWAP and Volume Traded for Keybridge from 2 April 2012 to 1 April 2013



Source: Bloomberg as at 1 April 2013

Over the period graphed in Figure 6.2, Keybridge’s daily VWAP shows a period low of \$0.0881 on 20 April 2012 and a period high of \$0.1750 on 27 February 2013.

In addition to the share price and trading data, we have also provided additional information in this Report to assist readers to understand possible reasons for movements in Keybridge’s share price and volume of shares traded over the time period analysed. The references in Figure 6.2 above correspond to the references in Table 6.3 below.

Table 6.3: Summary of Keybridge Announcements over the Period 2 April 2012 to 1 April 2013

	Date	Announcement
(a)	03-Aug-12	Keybridge announced that \$2.0 million was realised from the sell down of an existing loan transaction and that the company is anticipated to receive approximately \$5.7 million as an interim distribution from its participation in a US private equity fund.
(b)	14-Aug-12	Keybridge announced its full year results for the 2012 financial year.
(c)	28-Nov-12	Keybridge announced that its Managing Director, Mark Worrall, had resigned and would leave the company at the end of February 2013.
(d)	05-Feb-13	Keybridge announced that their finance partner, Global Republic Aviation Limited (‘GMT’), had signed a non-binding Letter of Intent to sell three A330-300 aircraft, which are currently on lease to a European Airline.

Source: Keybridge ASX Announcements

Table 6.4 sets out Keybridge’s VWAP for the 1 week, 1 month, 3 months, 6 months, 9 months and 12 months prior to 1 April 2013.

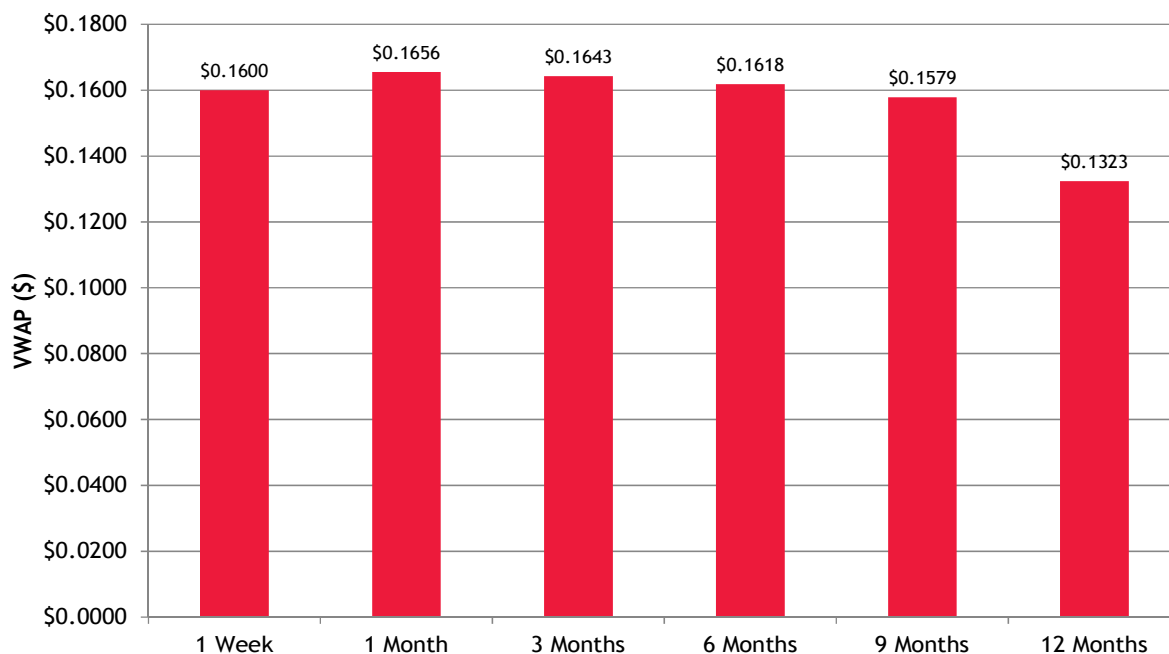
Table 6.4: Keybridge’s VWAP prior to 1 April 2013

Period before 1 April 2013	Period included in VWAP	VWAP (\$)
1 Week	26 Mar 2013 to 1 Apr 2013	\$0.1600
1 Month	2 Mar 2013 to 1 Apr 2013	\$0.1656
3 Months	2 Jan 2013 to 1 Apr 2013	\$0.1643
6 Months	2 Oct 2012 to 1 Apr 2013	\$0.1618
9 Months	2 Jul 2012 to 1 Apr 2013	\$0.1579
12 Months	2 Apr 2012 to 1 Apr 2013	\$0.1323

Source: Bloomberg as at 1 April 2013 and BDO CFQ Analysis

The information presented in Table 6.4 above is shown graphically in Figure 6.3 below.

Figure 6.3: Keybridge’s VWAP prior to 1 April 2013



Source: Bloomberg as at 1 April 2013 and BDO CFQ Analysis

6.4.2 Liquidity of Keybridge Shares

The rate at which equity instruments are traded is generally referred to as the ‘liquidity’ of the equity instruments. Changes in liquidity may impact the trading price of equity instruments, depending on the number of equity instruments required to be bought and/or sold and the time period over which the equity instrument holder needs to buy and/or sell those equity instruments. Depending on the circumstances, a movement in market price may or may not represent a shift in value of either the equity instruments or a shift in value of the company to which the equity instruments relate as a whole.

Table 6.5 below summarises the monthly liquidity of Keybridge shares from April 2012 to April 2013. Liquidity has been summarised by considering the following:

- Volume of Keybridge share trades per month;
- Value of total trades in Keybridge shares per month;
- Number of trades in Keybridge shares per month;
- Number of shares traded per month as a percentage of total shares outstanding at the end of the month; and
- Volume weighted average price per month.

Table 6.5: Liquidity of Keybridge Shares on the ASX

Month	Traded Volume	Value (\$)	Number of Trades	Shares Outstanding	Volume per Shares Outstanding	Monthly VWAP
March 2013	5,041,985	\$834,564	77	172,071,000	2.93%	\$0.1655
February 2013	5,369,461	\$897,845	120	172,071,000	3.12%	\$0.1672
January 2013	2,888,507	\$453,143	71	172,071,000	1.68%	\$0.1569
December 2012	2,307,708	\$350,642	67	172,071,000	1.34%	\$0.1519
November 2012	3,296,140	\$506,159	95	172,071,000	1.92%	\$0.1536
October 2012	7,701,267	\$1,262,600	163	172,071,000	4.48%	\$0.1639
September 2012	5,083,439	\$791,295	50	172,071,000	2.95%	\$0.1557
August 2012	1,456,083	\$214,800	66	172,071,000	0.85%	\$0.1475
July 2012	2,491,973	\$314,928	53	172,071,000	1.45%	\$0.1264
June 2012	17,162,729	\$2,016,133	184	172,071,000	9.97%	\$0.1175
May 2012	15,717,753	\$1,597,001	373	172,071,000	9.13%	\$0.1016
April 2012	4,251,364	\$408,138	110	172,071,000	2.47%	\$0.0960
Total	72,768,409	\$9,647,248	1,429	-	42.29%^(a)	-

Source: Bloomberg as at 1 April 2013

(a) Weighted average number of shares outstanding over the period analysed

Assuming a weighted average number of 172,071,000 ordinary Keybridge shares on issue over the period, approximately 42.29% of total shares on issue were traded over the 12 month period to 1 April 2013. In our view, this indicates that Keybridge's shares display a low to moderate level of liquidity.

6.5 Summary of Historical Financial Information

This section sets out the historical financial information of Keybridge. As this Report contains only summarised historical financial information, we recommend that any user of this Report read and understand the additional notes and financial information contained in the full statements of comprehensive income, statements of financial position and statements of cash flows.

Keybridge's financial statements for the 12 month periods ended 30 June 2010, 30 June 2011 and 30 June 2012 were audited by KPMG and Keybridge's financial statements for the six month period ended 31 December 2012 were reviewed by KPMG. BDO CFQ has not performed any audit or review of any type on the historical financial information of Keybridge. We make no statement as to the accuracy or completeness of the information provided.

6.5.1 Comprehensive Income

The statement of comprehensive income of Keybridge for the 12 month periods ended 30 June 2010, 2011, 2012, and the 6 months ended 31 December 2012 are summarised in Table 6.6 below. PRFG Shareholders interested in reading the full statement of comprehensive income should refer to Keybridge's Annual Reports for the relevant periods.

Table 6.6: Summarised Statements of Comprehensive Income

	Audited Actual Year ended 30-Jun-10 (\$ '000)	Audited Actual Year ended 30-Jun-11 (\$ '000)	Audited Actual Year ended 30-Jun-12 (\$ '000)	Reviewed Actual Six Months to 31-Dec-12 (\$ '000)
Fees income	1,074	966	280	97
Interest income	20,906	6,010	10,219	2,934
Unrealised gain/loss on investment	(90)	466	2,153	611
Other income	5,599	3,894	918	264
Total Revenue	27,489	11,336	13,570	3,906
Expenses				
Net impairment expenses	(25,433)	(16,071)	(11,446)	(3,591)
Gain/(loss) on foreign currency assets	(17,608)	(36,729)	5,097	(942)
Administration expenses	(590)	(646)	(638)	(180)
Employment costs	(2,687)	(2,583)	(1,471)	(397)
Legal and professional fees	(1,188)	(1,112)	(480)	(371)
Net unrealised loss on embedded derivatives	(7,759)	-	-	-
Net changes in fair value of cash flow hedges	(5,270)	(1,692)	-	-
Unrealised foreign exchange gain/(loss) on foreign currency borrowings	11,236	22,866	(4,860)	864
Interest expense	(15,586)	(11,144)	(2,270)	(1,246)
Income tax benefit/(expense)	(12,305)	1,934	-	(427)
Other expenses	(192)	(202)	(217)	(128)
Total expenses	(77,382)	(45,379)	(16,285)	(6,418)
Net profit (loss) after tax	(49,893)	(34,043)	(2,715)	(2,512)

Source: Keybridge 2010, 2011 & 2012 Annual Reports and December 2012 Interim Financial Report

In relation to the financial performance of Keybridge set out in Table 6.6 above we note the following:

- Keybridge's net loss after tax in FY2012 was \$2.7 million, which represents an improvement of \$31.3 million compared to FY2011. This can be attributed to several factors, including a reduction in impairment expenses, the gain on foreign currency assets throughout the year, the lower interest expense as a result of reducing the levels of corporate debt, and lower employee costs from the reduction in staff numbers by approximately 40%;

- Keybridge recorded significant impairment expenses in each of the periods shown, primarily due to write downs in the value of Keybridge's aviation and shipping assets. We note that impairment expenses have decreased from \$25.4 million for the year ended 30 June 2010 to \$11.4 million for the year ended 30 June 2012; and
- Interest expense has decreased from \$11.1 million for the year ended 30 June 2011 to \$2.3 million for the year ended 30 June 2012 due to the reduction of interest bearing debt and lower interest rates (4.4% per annum in 2012 compared to 9.6% per annum in 2011). The decrease in Keybridge's cost of debt in 2012 was driven largely by the expiry of interest rate swaps.

6.5.2 Financial Position

The statements of financial position of Keybridge as at 30 June 2010, 30 June 2011, 30 June 2012 and 31 December 2012 are summarised in Table 6.7.

Table 6.7: Summarised Statements of Financial Position

	Audited Actual As at 30-Jun-10 (\$ '000)	Audited Actual As at 30-Jun-11 (\$ '000)	Audited Actual As at 30-Jun-12 (\$ '000)	Reviewed Actual As at 31-Dec-12 (\$ '000)
Current Assets				
Cash and cash equivalents	6,136	5,040	2,522	1,597
Trade and other receivables	543	273	851	20
Loans and receivables - net of impairment	40,075	17,335	32,181	16,427
Other investments	990	1,456	1,339	1,950
Other assets	54	61	230	131
Total Current Assets	47,798	24,165	37,123	20,125
Non Current Assets				
Loans and receivables - net of impairment	184,646	126,105	47,874	49,792
Properties, plant and equipment	387	259	131	73
Total Non Current Assets	185,033	126,364	48,005	49,865
Total Assets	232,831	150,529	85,128	69,990
Current Liabilities				
Trade and other payables	4,302	1,373	479	668
Interest bearing liabilities	145,120	99,709	38,813	26,000
Derivative liabilities	4,754	-	-	-
Total Liabilities	154,176	101,082	39,292	26,668
Net Assets	78,655	49,447	45,836	43,322
Equity				
Share capital	260,651	260,651	260,651	260,651
Reserves	(3,279)	1,557	-	-
Retained Profits	(178,718)	(212,761)	(214,816)	(217,329)
Total Equity	78,654	49,447	45,835	43,322

Source: Keybridge 2010, 2011 & 2012 Annual Reports and December 2012 Interim Financial Report

In relation to the financial position of Keybridge set out in Table 6.7 above we note the following:

- Over the past three years, Keybridge has reduced interest bearing liabilities from \$145.1 million in 2009 to \$26.0 million as at 31 December 2012. Keybridge has previously breached the terms of its debt facility and as a result is unable to pay any dividends or make any new investments until the debt facility is fully repaid. Keybridge's primary focus has been on reducing the level of corporate debt through asset realisations, income, and distributions. We understand that Keybridge has repaid its corporate debt facility in full using the proceeds from the sale of its aviation assets which was announced to the ASX on 1 May 2013. Refer to Section 9.2 of this Report for more detail;
- Keybridge's investment portfolio consists of the company's current and non-current loans and receivables net of impairment, and other investments. The sum of these assets decreased by 53.0% from \$145.0 million in 2011 to \$68.2 million as at 31 December 2012 reflecting a significant decrease in Keybridge's capital investments. The majority of this decrease relates to impairments and the realisation of Keybridge's aviation assets, with the remainder relating to the company's lending and shipping assets; and
- Keybridge's investment portfolio assets are reported net of impairment provisions. We note that the company had total impairment provisions of approximately \$43.3 million in June 2011 and \$29.4 million at June 2012. As at December 2012, Keybridge continued to have an impairment provision balance of \$31.8 million. The impairment provisions raised by Keybridge over the last three years have primarily related to Keybridge's aviation, infrastructure and shipping assets. Further information regarding movements in Keybridge's impairment provision balances can be found in Keybridge's financial reports.

6.5.3 Cash Flows

The statement of cash flows of Keybridge for the 12 month periods ended 30 June 2010, 30 June 2011 and 30 June 2012 and for the 6 months ended 31 December 2012 are summarised in Table 6.8 below.

Table 6.8: Summarised Capital Statements of Cash Flows

	Audited Actual Year ended 30-Jun-10 (\$ '000)	Audited Actual Year ended 30-Jun-11 (\$ '000)	Audited Actual Year ended 30-Jun-12 (\$ '000)	Reviewed Actual Six Months to 31-Dec-12 (\$ '000)
Cash flow from operating activities				
Fees received	148	1,141	84	12
Interest received	9,220	5,761	5,747	2,949
Payments to suppliers and employees	(4,277)	(4,028)	(4,249)	(1,137)
Interest payment on loan facility	(14,354)	(10,862)	(2,675)	(827)
Net income tax paid	(159)	-	-	-
Other income	5,559	3,894	2,935	249
Net cash used in operating activities	(3,863)	(4,094)	1,842	1,246
Cash flow from investing activities				
Loans and receivables, advances, and acquisitions of other instruments	(2,404)	(75)	(600)	265

	Audited Actual Year ended 30-Jun-10 (\$ '000)	Audited Actual Year ended 30-Jun-11 (\$ '000)	Audited Actual Year ended 30-Jun-12 (\$ '000)	Reviewed Actual Six Months to 31-Dec-12 (\$ '000)
Proceeds from sale/repayments of loan and receivables	61,735	29,159	62,036	9,540
Net cash from investing activities	59,331	29,084	61,436	9,805
Cash flow from financing activities				
Purchase of shares for employee equity plan	-	(184)	-	-
Repayment of loans and borrowings	(58,743)	(25,602)	(65,757)	(11,948)
Net cash from/(used) in financing activities	(58,743)	(25,786)	(65,757)	(11,948)
Net decreased in cash and cash equivalents	(3,275)	(796)	(2,479)	(897)

Source: Keybridge 2010, 2011 & 2012 Annual Reports and December 2012 Interim Financial Report

With reference to Table 6.8 above, we note that Keybridge has consistently utilised proceeds from the sale of its assets to reduce the overall level of its debt over the past three years. Debt repayments represented approximately 95.1%, 87.7%, 105.9%, and 125.3% of the proceeds received from the realisation of Keybridge's assets for the years ended 30 June 2010, 30 June 2011, 30 June 2012, and the 6 months to 31 December 2012 respectively.

7.0 Overview of the Combined Entity

This section is set out as follows:

- Section 7.1 provides an overview of the Combined Entity; and
- Section 7.2 outlines the equity structure of the Combined Entity.

7.1 Overview of the Combined Entity

In the event that the Proposed Transaction is successful, PRFG will become a wholly owned subsidiary of Keybridge, and PRFG shareholders will be issued up to a maximum of 2.5 million shares in the Combined Entity. The Combined Entity will continue to be listed on the ASX as Keybridge Capital Limited.

Following the Proposed Transaction, it is envisaged that the Combined Entity will continue to manage Keybridge's investment portfolio in a manner consistent with the practices currently employed. We understand that the Keybridge board's intention as at the date of this Report is to make no change other than in the normal course of business in relation to the business operations of PRFG.

The Combined Entity's board of directors and executive management will comprise of the existing Keybridge board members and executive management as summarised in section 6.4 of the Transaction Scheme Booklet.

Further information in relation to the Combined Entity, including the pro forma financial statements, is set out in section 7 of the Transaction Scheme Booklet.

7.2 Equity Structure

Following the Proposed Transaction, the Combined Entity will have the following securities on issue:

- 172,070,564 fully paid ordinary shares;
- 5,975,000 issued but unpaid and unquoted ordinary shares; and
- Up to a maximum of 2,500,000 fully paid ordinary shares to be issued to PRFG Shareholders as part of the Initial Consideration.

As outlined in Section 6.3.1 of this Report, the 5,975,000 unpaid and unquoted ordinary shares relate to Keybridge's director and employee share scheme. We have been advised by Keybridge management that all shares issued under the director and employee share scheme have been surrendered to the trustee of the share scheme and will be cancelled in due course. We have not included the impact of these shares in our analysis of the Proposed Transaction for the purposes of this Report.

8.0 Valuation of PRFG

Section 8.0 of this Report sets out our valuation of PRFG on a controlling interest basis and is set out as follows:

- Section 8.1 sets out our view of the most appropriate valuation methodology to adopt;
- Section 8.2 sets out our view of the value of PRFG having regard to an asset based valuation methodology; and
- Section 8.3 sets out our conclusion on the value of PRFG for the purposes of this Report.

8.1 Our Valuation Approach

8.1.1 Appropriate Valuation Methodology

Table 8.1 below summarises the methodologies which, in our view, are appropriate to determine the value of PRFG on a controlling interest basis. Table 8.1 also provides a brief explanation as to why, in our view, each methodology is or is not appropriate. Appendix B of this Report provides a summary of each of the valuation methodologies listed in Table 8.1.

Table 8.1: Appropriate Valuation Methodologies

Valuation Methodology	Appropriate?	Explanation
ABV	✓	<p>In our view, it is appropriate to have regard to an asset based valuation methodology for the purposes of valuing PRFG in this Report. The assets of PRFG can be identified and it is possible to determine the fair value of those identifiable assets with a reasonable degree of accuracy.</p> <p>The information that we have been provided to assist with our ABV in relation to the assets and liabilities of PRFG includes:</p> <ul style="list-style-type: none"> • A consolidated statement of financial position for PRFG as at 28 February 2013; • A financial model which sets out forecasts of the cash flows expected from PRFG's existing book of lease receivables; and • A financial model which sets out forecasts of the cash flows expected from PRFG's existing book of legal receivables. <p>We note that we have utilised the financial models referred to above in a DCF valuation methodology to determine an appropriate value for PRFG's existing book of lease receivables and legal receivables. We have incorporated our DCF valuation of these assets into our ABV for the reasons set out directly below.</p>

Valuation Methodology	Appropriate?	Explanation
DCF Valuation	Incorporated in ABV	<p>PRFG’s directors have provided us with information relating to the projected earnings and cash flows of PRFG’s overall business in a financial model. Prima facie, this information could form the basis of a DCF valuation of PRFG. However, it is our view that a DCF valuation of PRFG using the PRFG directors’ projections is not appropriate for the purposes of this Report. Our reasons for not completing a DCF valuation of PRFG are set out in Section 8.1.2 below.</p> <p>Notwithstanding the above, it is our view that it is appropriate to consider the PRFG directors’ forecast of the expected cash flows from PRFG’s existing book of lease receivables and legal receivables for the purposes of valuing these assets. We have formed this view on the basis that it is our view that a prospective purchaser of these assets would form a view on fair market value by discounting the expected future cash flows at an appropriate discount rate rather than considering the book value of these assets as recorded in PRFG’s financial statements. For this reason, we have incorporated our DCF valuation of PRFG’s existing book of lease receivables and legal receivables into our ABV of PRFG (refer to Sections 8.2.1 and 8.2.2 of this Report).</p>
CME Valuation Methodology	x	<p>We have been provided with historical and projected financial information relating to PRFG in a financial model. Prima facie, this information could be used to develop an estimate of PRFG’s future maintainable earnings and could form the basis of the CME valuation methodology.</p> <p>However, it is our view that determining a reliable estimate of PRFG’s future maintainable earnings is difficult for reasons which include the following:</p> <ul style="list-style-type: none"> • PRFG’s historical earnings have fluctuated significantly in recent years and may not be reflective of PRFG’s earnings in the future; • PRFG has delivered a net loss in recent years and may not produce an earnings stream suitable for use in a CME valuation methodology in the near future; and • PRFG’s high debt levels mean that a material uncertainty exists in relation to the ability of PRFG to continue as a going concern in the event the Proposed Transaction is not approved. <p>We are of the view that there are more appropriate valuation methodologies than the CME valuation methodology which can be adopted for the purposes of valuing PRFG in this Report.</p>
MBV	x	<p>PRFG is not listed on a stock exchange where market prices for PRFG shares can be readily observed. We are also informed by the directors of PRFG that limited information relating to recent off-market trades in PRFG shares between unrelated parties is available.</p> <p>We are of the view that there are more appropriate valuation methodologies than the MBV valuation methodology which can be adopted for the purposes of valuing PRFG in this Report.</p>

For reasons outlined in Table 8.1 above, we are of the view that it is appropriate to adopt the following valuation methodologies:

- An ABV methodology for the purposes of determining an appropriate value for PRFG in this Report (refer to Section 8.2 of this Report); and

- A DCF valuation methodology for the purposes of determining an appropriate value for PRFG's existing book of lease receivables and legal receivables for inclusion in our ABV (refer to Sections 8.2.1 and 8.2.2 of this Report).

8.1.2 DCF Valuation Methodology

The directors of PRFG have provided us with information relating to the projected earnings and cash flows of PRFG's business in various financial models ('the Financial Models'). The projections in the Financial Models represent the PRFG directors' best estimates of the future operating and financial performance of PRFG having regard to the current financial constraints under which PRFG's business currently operates.

It is our view that the projected earnings and cash flows set out in the Financial Models are likely to be materially different to the earnings and cash flows that a control owner would expect to realise in circumstances where PRFG's business was not subject to the financial constraints under which it currently operates. As we are required to determine a value for PRFG on a controlling interest basis in accordance with the requirements of RG 111 in this Report (refer to Section 4.2 for additional discussion), it is our view that the projected earnings and cash flows set out in the Financial Models are not suitable for use in a DCF valuation of PRFG in their current form.

While the projected earnings and cash flows set out in the Financial Models could arguably be adjusted to more appropriately reflect the earnings and cash flows that a control owner would expect to realise, it is our view that a number of the key assumptions underpinning the projected earnings and cash flows of PRFG in the Financial Models are materially uncertain and cannot be forecast with a reasonable degree of accuracy as at the date of this Report. As a result, the earnings and cash flows that a control owner may expect to realise, absent the issues associated with the financial distress currently being experienced by PRFG, cannot be determined with a reasonable degree of accuracy as at the date of this Report.

For the reasons outlined above, it is our view that a DCF valuation of PRFG using the projections provided to us by the PRFG directors in the Financial Models is not appropriate for the purposes of this Report.

8.1.3 The Financial Models

PRFG have provided us with the Financial Models which set out historical and forecast financial information relating to the consolidated operations of PRFG. We have referred to the Financial Models for the purposes of determining an appropriate value for PRFG's existing book of lease receivables and legal receivables in this Report.

The projections in the Financial Models have been prepared by, and are the responsibility of, the directors of PRFG. We are instructed that the projections represent the directors' best estimates of the future cash flows of PRFG at the current time. For this reason, we have considered the projections in the Financial Models relating to PRFG's existing book of lease receivables and legal receivables for the purposes of determining an appropriate value for PRFG's existing book of lease receivables and legal receivables in this Report.

We have critically analysed the Financial Models to determine whether the assumptions underpinning the projections set out in the Financial Models provide an appropriate basis for our valuation of PRFG's existing book of lease receivables. Our work has included the following:

- Performing tests and checks on a sampling basis in relation to the mathematical accuracy of the Financial Models;
- Making enquiries of management as to the source of the forecast assumptions set out in the Financial Models to consider the reasonableness of those assumptions; and
- Performing a high level analysis of the reasonableness of the key market based assumptions set out in the Financial Models.

Notwithstanding the above procedures, forecasts and projections are, by their nature, inherently uncertain. BDO CFQ does not provide any opinion or assurance that the results in the Financial Models, based on the assumptions utilised, will be achieved. We have not reviewed or audited the financial information as defined by the Australian Accounting Standards and Australian Auditing Standards.

This Report considers the value of PRFG as at the date of this Report. Many of the assumptions adopted in the Financial Models are subjective and may be subject to material change in short periods of time. Changes in these assumptions may have a material impact on the overall value determined for PRFG in this Report. There can be no guarantee that the cash flow forecasts or valuation calculations will hold for any length of time as circumstances are continually changing.

8.2 Asset Based Valuation of PRFG

Our asset based valuation of PRFG is set out as follows:

- Section 8.2.1 considers the fair market value of PRFG’s existing book of lease receivables;
- Section 8.2.2 considers the fair market value of PRFG’s existing book of legal receivables;
- Section 8.2.3 considers the fair market value of PRFG’s intangible assets;
- Section 8.2.4 considers the fair market value of PRFG’s deferred tax assets and deferred tax liabilities;
- Section 8.2.5 considers the fair market value of the other assets and liabilities currently held by PRFG; and
- Section 8.2.6 sets out our view of the fair market value of PRFG having regard to an asset based valuation methodology.

8.2.1 Value of PRFG’s Existing Book of Lease Receivables

We have adopted a DCF valuation methodology for the purposes of determining an appropriate value for PRFG’s existing book of lease receivables in this Report. Table 8.2 below sets out a summary of the assumptions we have adopted for our DCF valuation of PRFG’s existing book of lease receivables in this Report.

Table 8.2: DCF Valuation Assumptions for PRFG’s Existing Book of Lease Receivables

Assumption	Explanation
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Assumption	Explanation
Expected Cash Flows	<p>The expected cash flows from PRFG’s existing book of lease receivables have been determined with reference to:</p> <ul style="list-style-type: none"> • The projected cash flow from each lease within PRFG’s existing book of lease receivables as at 28 February 2013; and • The probability of each lease within PRFG’s existing book of lease receivables defaulting in any given month. <p>The expected cash flows we have adopted for the purposes of valuing PRFG’s existing book of lease receivables have been prepared on a pre-tax basis. We have adjusted our DCF valuation of PRFG’s existing book of lease receivables for the impact of tax in Section 8.2.4 below.</p>
Probability of Default	<p>The probability of default for each lease within PRFG’s existing book of lease receivables is determined with reference to a table of fall over rates prepared by the directors of PRFG. The fall over rates represent the percentage number of leases that are expected to default in any given month given the age of the lease.</p> <p>For the purposes of this Report, we have assumed a total fall over rate of 75% for all 60 month lease contracts and 70% for all 48 month lease contracts. These assumptions can be interpreted as:</p> <ul style="list-style-type: none"> • 75% of a pool of 60 month lease contracts originated in any particular month will fall over prior to the end of their lease term; and • 70% of a pool of 48 month lease contracts originated in any particular month will fall over prior to the end of their lease term. <p>We note that the probability of a lease defaulting initially increases through time before then reducing as the lease reaches maturity.</p>
Repossession Rates	<p>This assumption relates to the percentage number of vehicles leased under contracts that fall over that are successfully repossessed and either leased to new customers or sold for an amount equal to their wholesale value.</p> <p>For the purposes of this Report, we have assumed that all vehicles that are successfully able to be repossessed are sold for an amount equal to their wholesale value rather than being re-leased to new customers. Based on our discussions with management, we have assumed that vehicles leased under contracts that fall over will be successfully repossessed and sold for an amount equal to their wholesale value in 80% of cases. In the remaining 20% of cases, we have assumed that the vehicle is unable to be repossessed and no wholesale value is realised. We note that we consider these assumptions to be appropriate given that approximately 20% of the vehicles leased by PRFG historically have been written-off.</p>
Average Wholesale Value of Repossessed Vehicles	<p>This assumption relates to the average wholesale value of a vehicle that is repossessed after a lease contract falls over.</p> <p>We have been instructed by the management of PRFG that the average wholesale value of all repossessed vehicles is expected to be approximately equal to \$1,500 inclusive of GST. We have adopted the GST exclusive amount of \$1,364 as the average wholesale value of a repossessed vehicle for the purposes of this Report. We note that we consider an average wholesale value for repossessed vehicles of \$1,364 to be appropriate having regard to the average age of PRFG’s vehicles at the inception of the lease (7-14 years) and the average purchase price of PRFG’s leased vehicles (\$7,000).</p>

Assumption	Explanation
Costs to Realise the Value of PRFG's Existing Book of Lease Receivables	<p>A potential purchaser of PRFG's existing book of lease receivables would need to incur costs to realise the value of PRFG's existing book of lease receivables. For the purposes of this Report, we have assumed that a potential purchaser would need to 1) hire staff to undertake the collection of the lease receivables and 2) fund costs associated with the general administration of the lease receivables (such as maintaining the records of each lease).</p> <p>Based on our discussions with PRFG management, and having regard to staffing and administration costs incurred by PRFG historically, we have assumed the following:</p> <ul style="list-style-type: none"> • An average cost to collect PRFG's existing receivables of 2.5% per annum, calculated as a percentage of the opening lease receivables balance in each month; • An average staffing cost of 2.5% per annum, calculated as a percentage of the opening lease receivables balance in each month; and • A minimum fixed staffing and administration cost of \$100,000 per month.
Discount Rate	<p>To determine an appropriate discount rate for PRFG's existing lease receivables, we have considered the following:</p> <ul style="list-style-type: none"> • The lease contracts entered into by PRFG with its customers do not identify an effective interest rate which would be suitable to adopt as a discount rate; • The probability of default has been explicitly incorporated into the net cash flows calculated for PRFG's existing book of lease receivables and therefore does not need to be reflected in the discount rate; and • PRFG's business model (the integrated selling and financing of used vehicles) is an emerging concept within the Australian market and is not yet well understood by Australian domiciled investors and lenders. The risk associated with operating a new business model is likely to increase the rate of return required by a potential purchaser. <p>Having regard to the above, we consider it appropriate to adopt a discount rate within the range of 15% to 20% for the purposes of determining the value of PRFG's existing book of lease receivables in this Report. In our view, this range appropriately reflects the return that a potential purchaser of the lease receivables would require given the inherent risk of the lease receivables and the unfamiliarity of PRFG's business model to investors and lenders within the Australian market.</p> <p>We refer to the scenario which adopts a 15% discount rate as the 'High Value Scenario' in this Report. The scenario which adopts a 20% discount rate is referred to as the 'Low Value Scenario' in this Report.</p>

Source: PRFG management and BDO CFQ Analysis

The value we have calculated for PRFG's finance lease receivables having regard to the assumptions set out above is set out in Table 8.3 below.

Table 8.3: Value of PRFG's Existing Book of Lease Receivables

Scenario	Value of Existing Book of Lease Receivables (\$'000)
High Value	63,957
Low Value	60,883

Source: PRFG management and BDO CFQ Analysis

Table 8.3 shows that the value we have calculated for PRFG's existing book of lease receivables is within the range of \$60.9 million to \$64.0 million. This value range is based on pre-tax cash flows, which is consistent with the way in which the value was calculated for the purposes of recording the value of the asset in PRFG's financial statements. The impact of tax on the value of PRFG's existing book of lease receivables is considered in Section 8.2.4 below.

8.2.2 Value of PRFG’s Existing Book of Legal Receivables

PRFG’s existing book of legal receivables includes leases that have fallen over prior to the end of their term and on which PRFG intends to commence legal action.

We have been provided with information relating to the expected cash flows from PRFG’s existing book of legal receivables by the directors of PRFG. We have applied a discount rate of 15% to 20% to these expected cash flows to arrive at our view of an appropriate value for our analysis. This discount rate is consistent with the discount rate applied to the expected cash flows from PRFG’s existing book of lease receivables. Adopting this methodology, we have calculated a prima facie value for PRFG’s existing book of legal receivables within the range of \$20.6 million to \$21.7 million.

The fair market value of PRFG’s existing book of legal receivables is likely to be materially lower than the prima facie value set out above for reasons which include the following:

- A potential purchaser would need to incur costs to realise the value of PRFG’s existing book of legal receivables. The prima facie value set out above includes no allowance for any costs which may be incurred by a potential purchaser;
- PRFG is yet to commence legal action on more than half of the leases that make up the value of PRFG’s existing book of legal receivables. The value that may be realised from those lease contracts on which legal action is yet to commence is even more uncertain;
- The timing of the cash flows associated with PRFG’s existing book of legal receivables is likely to be materially different to the assumptions made by the directors of PRFG; and
- PRFG is focussed on the sale and financing of vehicles in the sub-prime market. The value ultimately realised from non-performing leases within the subprime market is often materially lower than the amount of any balance outstanding, even in cases where legal action is successfully brought against the non-performing lease holder.

The directors of PRFG have informed us that they expect to recover approximately 20% to 60% of the value of PRFG’s existing book of legal receivables. After considering the factors set out above, it is our view that it is appropriate to adopt a rate of recovery at the bottom end of the range estimated by the directors of PRFG. We have assumed that PRFG will recover an amount equal to 20% of the prima facie value of its existing book of legal receivables for the purposes of this Report.

Our calculation of the value of PRFG’s existing book of legal receivables is set out in Table 8.4 below. As noted earlier, the scenario which adopts a 15% discount rate is referred to as the ‘High Value Scenario’ in this Report. The scenario which adopts a 20% discount rate is referred to as the ‘Low Value Scenario’.

Table 8.4: Value of PRFG’s Existing Book of Legal Receivables

	Low Value Scenario (\$'000)	High Value Scenario (\$'000)
Prima facie value of PRFG’s existing book of legal receivables	20,623	21,747
Assumed recovery rate	20%	20%
Value of PRFG’s existing book of legal receivables	4,125	4,349

Source: PRFG management and BDO CFQ Analysis

Table 8.4 above shows that we have adopted a value for PRFG’s existing book of legal receivables within the range of \$4.1 million to \$4.3 million. This value range is based on pre-tax cash flows, which is consistent with how the value was calculated for the purposes of recording the value of the asset in PRFG’s financial statements. The impact of tax on the value of PRFG’s existing book of legal receivables is considered in Section 8.2.4 below.

8.2.3 Value of PRFG’s Intangible Assets

PRFG’s intangible assets were valued at approximately \$8.2 million on a cost basis as at 28 February 2013. The breakdown of this intangible assets figure is set out in Table 8.5 below.

Table 8.5: Breakdown of Intangible Assets (At Cost)

Intangible Item	Value (\$'000)
Computer software (net)	288
Car loan phone words	948
Goodwill - AMX partnership	2,123
Goodwill - Motor Finance Wizard partnership	4,888
Total Intangible Assets (At Cost)	8,246

Source: PRFG unaudited statement of financial position as at 28 February 2013 and PRFG management

In relation to Table 8.5, we note that the car loan phone words held by PRFG include ‘1300 Car Loan’, ‘1800 Car Loan’ and ‘13 Car Loan’. We understand that the car loan phone words are a central component of the branding and advertising of the Motor Finance Wizard business.

In our view, PRFG’s intangible assets may have some value to a potential purchaser. Specifically, we note that a potential purchaser of PRFG’s operations may place a value on PRFG’s intangible assets that approximates the cost that would need to be incurred to recreate or replace PRFG’s intangible assets. For this reason, we consider it appropriate to consider a measure of value for PRFG’s intangible assets in our asset based valuation of PRFG.

We have had regard to two different scenarios in relation to PRFG’s intangible assets for the purposes of our asset based valuation in this Report:

- A low scenario in which the value of PRFG’s intangible assets is assumed to be nil. We have incorporated this scenario as a potential purchaser may place no value on the intangible assets of PRFG if the recent poor performance of PRFG is perceived to have significantly eroded the value of PRFG’s intangible assets; and
- A high scenario in which the capitalised cost of PRFG’s intangible assets, including goodwill, is used as a proxy for the costs to recreate or replace PRFG’s intangible assets. We note that by including goodwill in this calculation, we are assuming that a potential purchaser of PRFG’s operations would place additional value on certain aspects of the Motor Finance Wizard and AMX operations that are not otherwise explicitly allowed for in our ABV.

8.2.4 Value of PRFG’s Deferred Tax Assets and Deferred Tax Liabilities

PRFG has recorded the following deferred tax accounts in its statement of financial position as at 28 February 2013:

- Deferred tax assets (‘DTA’) of \$33.0 million, primarily resulting from the recognition of lease receivables provisions, various other provisions and tax losses; and
- Deferred tax liabilities (‘DTL’) of \$29.4 million, primarily resulting from the requirement to recognise the revenue from leases earlier under accounting standards than under tax legislation.

To determine the value of PRFG’s deferred tax accounts, we have primarily had regard to the carrying amounts recorded in the financial statements of PRFG as at 28 February 2013. We have then adjusted these carrying amounts for the tax effect of the adjustments made to the value of PRFG’s existing book of lease receivables and legal receivables. A tax effect adjustment is required to capture the difference between the deferred tax amounts recorded in PRFG’s financial statements and the amount that should be recorded given our assessment of the value of PRFG’s existing book of lease receivables and legal receivables.

We note the nature of the tax effect adjustment required depends on the direction of the movement in the value of the lease receivables calculated using our DCF valuation methodology relative to the carrying amount recorded for the lease receivables in PRFG’s statement of financial position. A value calculated for the lease receivables using our DCF valuation methodology that is lower than the carrying amount recorded for the lease receivables in PRFG’s statement of financial position results in an increase in the DTA equal to 30% of the difference in the value of the lease receivables. A similar adjustment is required for the legal receivables.

A summary of the tax effect adjustments made in relation to PRFG’s existing book of lease receivables and legal receivables under each of the scenarios considered is set out below.

Tax Effect Adjustments Made in Relation to PRFG’s Existing Book of Lease Receivables

Table 8.6 below sets out a summary of the tax effect adjustments made in relation to PRFG’s existing book of lease receivables.

Table 8.6: Tax Effect Adjustments Made in Relation to PRFG’s Existing Book of Lease Receivables

	Low Value Scenario (\$'000)	High Value Scenario (\$'000)
Value of PRFG’s existing book of lease receivables per PRFG’s statement of financial position as at 28 February 2013	86,995	86,995
Value of PRFG’s existing book of lease receivables calculated using our DCF valuation methodology	60,883	63,957
Difference in the value of PRFG’s existing book of lease receivables	(26,112)	(23,037)
Increase in the carrying amount of PRFG’s DTA (@ 30%)	7,834	6,911

Source: PRFG Management and BDO CFQ Analysis

In relation to Table 8.6 above, we note the following:

- The amount recorded in the financial statements of PRFG in relation to its existing book of lease receivables is approximately equal to \$87.0 million as at 28 February 2013;
- Our DCF valuation of PRFG’s existing book of lease receivables is within the range of \$60.9 million to \$64.0 million (refer to Section 8.2.1 above);
- The difference between our DCF valuation of PRFG’s existing book of lease receivables and the amount recorded in the financial statements of PRFG is within the range of \$23.0 million to \$26.1 million; and
- The tax effect adjustment required given the size and nature of the difference between our DCF valuation and the amount recorded in the financial statements of PRFG is an increase to the carrying amount of PRFG’s DTA within the range of \$6.9 million to \$7.8 million. The increase to the DTA offsets the portion of the DTL previously recorded by PRFG that relates to the overstated portion of the carrying amount of the existing lease receivables in the financial statements. We note that increasing the DTA in this manner is consistent with the accounting treatment for recognising further provisions to the lease receivables.

Tax Effect Adjustments Made in Relation to PRFG’s Existing Book of Legal Receivables

The discounted value recorded for PRFG’s existing book of legal receivables is approximately \$22.7 million as at 28 February 2013, excluding any provisions for doubtful debts. PRFG has applied a provision of \$9.9 million against the discounted value of its legal receivables to reflect the material uncertainty associated with their collection. The net amount recorded in the financial statements of PRFG for legal receivables is therefore approximately equal to \$12.8 million as at 28 February 2013.

Table 8.7 below sets out a summary of the tax effect adjustments made in relation to PRFG’s existing book of legal receivables.

Table 8.7: Tax Effect Adjustments Made in Relation to PRFG’s Existing Book of Legal Receivables

	Low Value Scenario (\$'000)	High Value Scenario (\$'000)
Value of PRFG’s existing book of legal receivables per PRFG’s statement of financial position as at 28 February 2013	12,832	12,832
Value of PRFG’s existing book of legal receivables calculated using our DCF valuation methodology	4,125	4,349
Difference in the value of PRFG’s existing book of legal receivables	(8,707)	(8,482)
Increase in the carrying amount of PRFG’s DTA (@ 30%)	2,612	2,545

Source: PRFG Management and BDO CFQ Analysis

In relation to Table 8.7 above, we note the following:

- Our DCF valuation of PRFG’s existing book of lease receivables is within the range of \$4.1 million to \$4.3 million (refer to Section 8.2.2 above);
- The difference between our DCF valuation of PRFG’s existing book of legal receivables and the amount recorded in the financial statements of PRFG is within the range of \$8.4 million to \$8.7 million; and

- The tax effect adjustment required given the size and nature of the difference between our DCF valuation and the amount recorded in the financial statements of PRFG is an increase to the carrying amount of PRFG's DTA within the range of \$2.5 million to \$2.6 million. The increase to the DTA offsets the portion of the DTL previously recorded by PRFG that relates to the overstated portion of the carrying amount of the existing legal receivables in the financial statements. We note that increasing the DTA in this manner is consistent with the accounting treatment for recognising further provisions to the legal receivables.

Summary of Tax Effect Adjustments

A summary of the tax effect adjustments made in relation to PRFG's existing book of lease and legal receivables is set out in Table 8.8.

Table 8.8: Summary of Tax Effect Adjustments

	Low Value Scenario (\$'000)	High Value Scenario (\$'000)
Increase in the value of DTA due to lease receivables	7,834	6,911
Increase in the value of DTA due to legal receivables	2,612	2,545
Total increase in the carrying amount of PRFG's DTA	10,446	9,456

Source: PRFG Management and BDO CFQ Analysis

Table 8.8 above shows that the total increase in the carrying amount of PRFG's DTA as a result of the tax effect adjustments made is within the range of \$9.5 million to \$10.4 million.

Net Value Adopted for Deferred Tax Accounts

A summary of the deferred tax account carrying amounts having regard to the above adjustments is set out in Table 8.9.

Table 8.9: Summary of Deferred Tax Account Carrying Amounts

	Low Value Scenario (\$'000)	High Value Scenario (\$'000)
DTA		
Carrying amount	32,978	32,978
Increase / (decrease) due to tax effect adjustments	10,446	9,456
Adjusted carrying amount	43,424	42,434
DTL		
Carrying amount	29,373	29,373
Increase / (decrease) due to tax effect adjustments	-	-
Adjusted carrying amount	29,373	29,373
Net Position of Deferred Tax Accounts		
Net carrying amount	14,051	13,061

Source: PRFG Management and BDO CFQ Analysis

Table 8.9 shows that the adjusted carrying amount of PRFG's DTA is within the range of \$42.4 million to \$43.4 million. The adjusted carrying amount of PRFG's DTL is equal to \$29.4 million as no adjustments were required to be made to the carrying amount of PRFG's DTL account. The net carrying amount of PRFG's deferred tax accounts after having made the adjustments referred to above is within the range of \$13.1 million to \$14.1 million.

In our view, a potential purchaser is unlikely to place value on the carrying amount of PRFG's DTA to the extent that it exceeds the carrying amount of PRFG's DTL. PRFG has generated significant tax losses in recent years and the ability of the business to generate positive taxable income in the near term depends on a number of hypothetical assumptions and is highly uncertain. In circumstances where PRFG is able to generate positive taxable income in the future, there is no guarantee that the tax benefits will continue to be available for recoupment in accordance with relevant taxation legislation. Further, the timing of any potential recoupment of tax benefits is not known as at the date of this Report.

Having regard to the above, we consider it appropriate to only include the value of PRFG's DTA to the extent that it offsets the value of PRFG's DTL in this Report. For this reason, we adopt a net value for PRFG's deferred tax accounts of nil in this Report.

8.2.5 Value of PRFG's Other Assets and Liabilities

The unaudited statement of financial position we have been provided sets out information on the other assets and liabilities held by PRFG.

We have referred to the unaudited statement of financial position prepared for PRFG when determining an appropriate value to adopt for each of the other assets and liabilities held by PRFG. We have assumed that the fair market value of the other assets and liabilities are equal to the values set out in this statement of financial position. We have discussed this assumption with the management and directors of PRFG and we are of the view that this assumption is reasonable in the circumstances.

The net value we have adopted for the other assets and liabilities held by PRFG is summarised in Table 8.10.

Table 8.10: Values Adopted for the Other Assets and Liabilities Held by PRFG

Item	Value (\$'000)
Cash and cash equivalents	641
Inventory	2,103
Other accounts receivable	4,882
Investments in entities	757
Property, plant and equipment	803
Other	158
Total Assets	9,344
Trade and other payables	15,102
Interest bearing loans	54,022
Income tax liabilities	(6)
Provisions	960
Total liabilities	70,077
Net value deficiency	60,733

Source: PRFG unaudited statement of financial position as at 28 February 2013 and PRFG management

Table 8.10 shows the value of the other assets and liabilities held by PRFG is a net asset deficiency of approximately \$60.7 million.

In relation to the values sets out in Table 8.10 above, we note the following:

- Inventory includes \$4.3 million for the gross value of PRFG's used cars on hand less an amount of approximately \$2.2 million, which has been provided for;
- Other accounts receivable includes:
 - \$136,341 of loan receivables held by Kwik Finance;
 - \$807,115 of group accounts receivables such as amounts receivable from joint venture partners, franchisees, etc.;
 - \$74,581 in motor vehicle accounts receivable such as amounts receivable from wreckers and wholesalers to whom PRFG have sold repossessed vehicles; and
 - \$2,075,059 in personal loans receivable held by AMX. We note this amount is net of a \$65,000 provision raised for the proportion of loan balances that are 14 days or more overdue;
- Investments in entities refers to PRFG's share of profit from its partnerships;
- Trade and other payables includes current and deferred GST liabilities of \$10,670,454; and
- Interest bearing loans includes the \$40.0 million Senior Debt Facility, with the balance representing the Mezzanine Debt Facility provided by Keybridge and an amount of approximately \$0.3 million of other structured finance liabilities (e.g. asset purchase plans, hire purchases, etc.).

8.2.6 Asset Based Valuation of PRFG

Table 8.11 below sets out our asset based valuation of PRFG having regard to the information set out in Sections 8.2.1 to 8.2.5 above. Table 8.11 also sets out our calculation of the value per PRFG share.

Table 8.11: Summary of Asset Based Valuation of PRFG

	Section Reference	Excluding Intangible Assets	Including Intangible Assets
		Low Valuation Scenario (\$'000)	High Valuation Scenario (\$'000)
Lease receivables (pre-tax)	Table 8.3	60,883	63,957
Legal receivables (pre-tax)	Table 8.4	4,125	4,349
Intangible assets	Section 8.2.3	-	8,246
Deferred tax (net)	Section 8.2.4	-	-
Other assets and liabilities	Table 8.10	(60,733)	(60,733)
Asset based valuation of PRFG		4,274	15,820
Number of PRFG shares ('000)		172,191	172,191
Value of a PRFG share (\$)		0.0248	0.0919

Source: BDO CFQ analysis

Table 8.11 above shows that we have calculated a value per PRFG share in the range of \$0.0248 to \$0.0919 having regard to our asset based valuation methodology. For completeness, we note that our asset based valuation of PRFG has been calculated on a controlling interest basis.

8.3 Conclusion

Having regard to the above, in our view, it is appropriate to adopt a value in the range of \$0.0248 to \$0.0919 per PRFG share for the purposes of assessing the Proposed Transaction in this Report.

It is important for PRFG shareholders to note that our asset based valuation of PRFG has been completed on the basis that PRFG is a knowledgeable and willing, but not anxious, seller that is able to consider alternative options to the Proposed Transaction in accordance with the requirements of RG 111. Accordingly, our asset based valuation does not specifically incorporate any adjustments for the impact of the issues arising as a consequence of the financial distress currently being experienced by PRFG.

There is a risk that PRFG shareholders may ultimately realise a value that is materially lower than the value we have calculated for PRFG adopting an asset based valuation methodology in circumstances where the Proposed Transaction is not approved. In circumstances where PRFG is unable to renegotiate its current finance facilities and a voluntary administrator or receiver is appointed, there is a material risk that the value ultimately realised will not exceed the consideration anticipated by the Proposed Transaction or the values offered under the process recently conducted by PRFG with a view to either selling or recapitalising the company (refer to Section 5.1.3 of this Report for more detail).

9.0 Valuation of Keybridge Prior to the Proposed Transaction

This section sets out our valuation of Keybridge prior to the Proposed Transaction and is structured as follows:

- Section 9.1 sets out our valuation approach and view of the most appropriate valuation methodologies to adopt;
- Section 9.2 sets out our valuation of Keybridge having regard to an ABV methodology;
- Section 9.3 sets out our valuation of Keybridge having regard to a MBV methodology; and
- Section 9.4 sets out our view of an appropriate equity value to adopt for Keybridge prior to the Proposed Transaction on a minority interest basis.

9.1 Valuation Approach

Table 9.1 below summarises the methodologies which, in our view, are appropriate to determine a value for Keybridge prior to the Proposed Transaction. Table 9.1 also provides a brief explanation as to why, in our view, each methodology is or is not appropriate. Appendix B of this Report provides a summary of each of the valuation methodologies listed in Table 9.1.

Table 9.1: Summary of Applicable Valuation Methodologies

Valuation Methodology	Appropriate?	Explanation
DCF Valuation	✘	<p>The DCF methodology relies on the ability to forecast future cash flows with a reasonable degree of certainty over a sufficiently long period of time. We have not been provided with a financial model that sets out the Keybridge directors' view on the projected earnings and cash flows of Keybridge which reduces our ability to adopt a DCF valuation methodology.</p> <p>Even if a financial model had been provided in relation to Keybridge's future cash flows, it is our view that it is likely that a number of assumptions underlying these cash flows would not be able to be forecast with the appropriate degree of accuracy as at the date of this Report. By way of example we note the following:</p> <ul style="list-style-type: none"> • Since 2008 Keybridge has not been in a position to make any new investments and has been realising the value of many of its key assets to reduce its outstanding debt balance; • We understand that Keybridge is currently in the process of attempting to realise value from some of its investments but the timing and amount to be received is uncertain (e.g. solar electricity facility in Spain); and • Keybridge has been operating unprofitably over the last three years with net losses recognised and negative cash flows. We note however in the reporting periods post 1 July 2011 that Keybridge has been able to generate positive operating cash flows. <p>Having regard to the above, we consider it more appropriate to adopt valuation methodologies other than the DCF valuation methodology to value Keybridge shares prior to the Proposed Transaction.</p>

Valuation Methodology	Appropriate?	Explanation
CME Valuation	✘	<p>Keybridge's earnings history has been highly variable in recent years and may differ significantly to Keybridge's earnings in future years. The uncertainties associated with the future earnings of Keybridge in its current form makes it difficult to determine a reliable estimate of maintainable earnings suitable for use in a CME valuation methodology.</p> <p>In our view, it is more appropriate to adopt valuation methodologies other than the CME valuation methodology to value Keybridge shares prior to the Proposed Transaction.</p>
ABV	✓	<p>The assets and liabilities of Keybridge can be identified and their values determined with a reasonable degree of accuracy. We have been provided with the following information in relation to these assets and liabilities of Keybridge:</p> <ul style="list-style-type: none"> • Audited statements of financial position for the past three financial years which incorporate the results of impairment testing performed on the values recorded for Keybridge's assets; • Unaudited historical management accounts for the current financial year; and • An estimate of cash and interest bearing liabilities as at 31 March 2013. <p>In our view, the ABV methodology is an appropriate methodology to adopt for the purpose of valuing Keybridge shares for the purposes of this Report.</p>
Market Based Valuation	✓	<p>The shares of Keybridge are listed on the ASX and relevant historical information on the price at which Keybridge shares have been traded is able to be observed.</p> <p>We have considered a market based valuation of Keybridge in this Report.</p>

Source: BDO CFQ analysis

Having regard to the information set out in Table 9.1 above, it is our view that the appropriate valuation methodologies to adopt for the purpose of valuing Keybridge are the ABV and MBV methodologies.

9.2 Asset Based Valuation

The key components of the asset based valuation of Keybridge consist of the company's investment portfolio, debt facility and other assets and liabilities.

For the purposes of our ABV of Keybridge, unless otherwise stated, we have adopted the values of the assets and liabilities as set out in Keybridge's unaudited management accounts as at 31 March 2013.

We note that on 1 May 2013, Keybridge announced to the ASX that the company had divested its aviation assets in return for US\$29.7 million and restructured its private equity assets in return for a limited recourse loan (recourse limited to the asset sold) to Republic Finance Corporation with interest payable to Keybridge at 14.5% per annum and a maturity date of 31 December 2017. We understand that the value realised from the sale of the aviation and private equity assets was at a total discount of US\$0.7 million to the book value of these assets as at 31 December 2012. We understand that Keybridge has used the cash proceeds received from the sale to repay its corporate debt which had an outstanding balance of approximately US\$19.0 million as at 1 May 2013.

The overall impact of the transactions announced on 1 May 2013 on the net assets of Keybridge was approximately US\$0.7 million. We are of the view that this does not have a material impact on the numbers we have adopted for our ABV valuation of Keybridge which were based on the most recent set of accounts available to us being the 31 March 2013 unaudited management accounts. We have not adjusted our valuation of Keybridge for the impact of these transactions.

We have made enquiries of the directors and management of Keybridge in relation to changes in the values of the company's other assets and liabilities, and have been advised that there have been no other subsequent material movements in the balances reported as at 31 March 2013. We have also compared the balances set out in the management accounts to the balances set out in Keybridge's interim financial report as at 31 December 2012 which was reviewed by KPMG. We have found no material differences which would significantly influence our opinions as expressed in this Report. A summary of Keybridge's interim financial report as at 31 December 2012 is set out in Section 6.5.

Notwithstanding the above, we note that BDO CFQ has not performed any audit or review of any type on the historical financial information of Keybridge. We make no statement as to the accuracy or completeness of the information provided. For completeness, we note that Keybridge's interim financial report for the 6 months ended 31 December 2012 has been reviewed by Keybridge's external auditor, KPMG.

9.2.1 Keybridge's Investment Portfolio

We have set out a description of Keybridge's investment assets in Section 6.1. Table 9.2 sets out the value of Keybridge's investment portfolio as at 31 March 2013 as announced to the ASX on 10 April 2013.

Table 9.2: Value of Keybridge's Investment Portfolio

	Net Value As at 31 March 2013 (\$'000)	Proportion of Total Net Value (%)
Aviation	30,810 ^(a)	47.8%
Property	11,650	18.1%
Lending	10,540	16.4%
Infrastructure	6,920	10.7%
Private Equity	4,490 ^(a)	7.0%
Shipping	-	0.0%
Total	64,420	100.0%

Source: Keybridge Quarterly Update announced to the ASX on 10 April 2013

Note: (a) Keybridge has announced the sale of its Aviation and Private Equity assets to the ASX on 1 May 2013. Refer to Section 9.2 of this Report for further information.

With reference to Table 9.2 above we note that the value of Keybridge's investment portfolio net of the impairment provisions is approximately \$64.4 million.

9.2.2 Keybridge's Other Assets and Liabilities

Table 9.3 below sets out our valuation of Keybridge's assets and liabilities as at 31 March 2013 other than those included in the investment portfolio as set out in Section 9.2.1 above.

Table 9.3: Value of Keybridge's Other Assets and Liabilities

	Value As at 31 March 2013 (\$'000)
Cash and cash equivalents	3,100
Other assets	161
Loans and borrowings	(18,705) ^(a)
Other liabilities	(4,900)
Total Other Assets and Liabilities	(20,344)

Source: Keybridge Quarterly Update announced to the ASX on 10 April 2013

Note: (a) US\$19.5 million translated to AUD at an USD:AUD exchange rate of 1.0425. Keybridge has repaid this debt facility in full using the proceeds from the sale of its aviation assets, which was announced to the ASX on 1 May 2013. Refer to Section 9.2 of this Report for further information.

With reference to Table 9.3 we note the following:

- The outstanding balance on Keybridge's corporate debt facility as at 31 March 2013 was approximately \$18.7 million. In the 3 months to 31 March 2013, Keybridge repaid a further US\$7.5 million of this facility. This repayment was achieved with funds derived from asset realisations and a tax refund of approximately \$5.1 million. Keybridge has now met all of its required interim debt repayment milestones;
- As at 31 March 2013, Keybridge's corporate debt facility had a maturity date of 3 June 2013. As outlined in Section 9.2 above, Keybridge has repaid this debt facility in full using the proceeds from the sale of its aviation assets which was announced to the ASX on 1 May 2013. The total proceeds received by Keybridge for the sale of its aviation assets was approximately US\$29.7 million. Refer to Section 9.2 for more detail;
- The \$5.1 million tax refund resulted from additional tax deductions associated with additional bad debt deductions in 2008 which Keybridge was entitled to. The company lodged an amended 2008 income tax return in December 2012 and received the refund on 26 March 2013; and
- The other liabilities of \$4.9 million include an accrual of approximately \$4.4 million in relation to the franking deficit tax liability which arose from the \$5.1 million tax refund received by Keybridge. Keybridge had previously distributed all of its available franking credits as it had not anticipated the refund.

9.2.3 Asset Based Valuation of Keybridge on a Controlling Interest Basis

Table 9.4 below summarises our valuation of Keybridge prior to the Proposed Transaction on a controlling interest basis having regard to the ABV methodology.

Table 9.4: Value of Keybridge on a Controlling Interest Basis

	Reference	Value (\$'000)
Keybridge's Investment Portfolio	Section 9.2.1	64,420
Keybridge's Other Assets and Liabilities	Section 9.2.2	(20,344)
Value of Keybridge (controlling interest)		44,076
Number of shares on issue ('000)		172,071
Value of Keybridge on a per share basis (controlling interest)		0.2562

Source: Keybridge Management Accounts as at 31 March 2013 and BDO CFQ Analysis

Based on the information set out in Table 9.4 above, it is our view that the value of Keybridge prior to the Proposed Transaction having regard to the ABV methodology is approximately \$44.1 million on a controlling interest basis. Assuming 172,070,564 ordinary shares on issue, this valuation range equates to approximately \$0.2562 per ordinary share on a controlling interest basis. We note that Keybridge does not have any other securities (e.g. share options) on issue as at the date of this Report.

9.2.4 Value of Keybridge Shares on a Minority Interest Basis

The value of a share in Keybridge set out in Section 9.2.3 above has been determined on a controlling interest basis. As PRFG Shareholders will be receiving minority interests in the Combined Entity following the Proposed Transaction, in our view it is appropriate to apply a minority discount to the value of Keybridge determined in Section 9.2.3 above to calculate a minority interest value.

A minority interest discount is the inverse of a control premium which is the increase in value for a controlling interest that is often observed where an acquirer launches a takeover bid, or some other mechanism for control, for another company.

A controlling interest in a company is generally regarded as being more valuable than that of a minority interest as it may provide the owner with the following:

- Control over the operating and financial decisions of the company;
- The right to set the strategic direction of the company;
- Control over the buying, selling and use of the company's assets; and
- Control over appointment of staff and setting of financial policies.

To form our view of an appropriate range of control premiums to apply to our valuation of Keybridge, we have considered control premiums implied in recent merger and acquisition transactions in the diversified financials sector in Australia.

Having regard to our research (summarised in Appendix C of this Report), it is our view that it is appropriate to adopt a minority discount in the range of 16.7% to 28.6% for the purpose of the analysis set out in this Report. We note for completeness that this minority discount range implies a control premium in the range of 20% to 40% (i.e. the minority discount range is the inverse of the control premium range).

Table 9.5 below summarises our valuation of an ordinary share in Keybridge prior to the Proposed Transaction on a minority interest basis.

Table 9.5: Value of Keybridge on a Minority Interest Basis

	Low (\$)	High (\$)
Value of an ordinary share in Keybridge (controlling interest)	0.2562	0.2562
Minority Interest Discount	28.6%	16.7%
Value of an ordinary share in Keybridge (minority interest)	0.1830	0.2135

Source: BDO CFQ analysis

Having regard to the information summarised in Table 9.5 above, in our view the value of an ordinary share in Keybridge prior to the Proposed Transaction under the ABV methodology is within the range of \$0.1830 to \$0.2135 on a minority interest basis.

9.3 Market Based Valuation

9.3.1 Methodology

In this section we have calculated the value of a share in Keybridge prior to the Proposed Transaction having regard to the MBV methodology.

Market prices of a company's shares should generally incorporate the influence of all publicly available information relevant to value, including information in relation to a takeover offer. Where the market is fully informed and liquid, the market price of a company's shares can be expected to provide an objective assessment of the fair value of those shares.

Keybridge maintains continuous disclosure to the market and has provided timely updates in relation to its operational performance over an extended period. In our view, the information available to the market in relation to Keybridge allows investors to make a fully informed decision in relation to the value of Keybridge shares.

In our view, the value of Keybridge prior to the Proposed Transaction can be implied through current markets prices. In order to determine the fair market value of Keybridge prior to the Proposed Transaction we considered the prices at which trades in Keybridge shares have occurred across various timeframes prior to the announcement of the Proposed Transaction on 2 April 2013. We have set out information relating to the market value and liquidity of Keybridge shares in Section 6.4.

9.3.2 Conclusion

Having regard to the Keybridge share trading data set out in this Report, it is our view that it is appropriate to adopt a minority interest value for Keybridge under the MBV in the range of \$0.1500 to \$0.1750. We determined this range having regard to the lowest daily VWAP and highest daily VWAP over the 3 month period ending 1 April 2013. For completeness we note that the 3 month VWAP over this period was \$0.1643.

Further information in relation to the share trading data and liquidity of Keybridge is set out in Section 6.4 of this Report.

9.4 Our Adopted Value of Keybridge Prior to the Proposed Transaction

In determining the valuation range to adopt for our valuation of Keybridge prior to the Proposed Transaction, we have considered a number of factors including the following:

- Our valuation of a share in Keybridge under the ABV is higher than the value implied by the MBV. Given the nature of Keybridge's business operations, we would not expect the shares in Keybridge to trade at a price which is significantly different to the price implied by the book value of its net tangible assets on a minority interest basis. In broad terms, the majority of the earnings from Keybridge's investment portfolio, comprised primarily of loans and debt financing, should theoretically be incorporated in the book values of these assets;
- The Keybridge share price may reflect increased levels of uncertainty in relation to the future operations of Keybridge given the financing and other risks associated with Keybridge being able to realise the value of its assets as anticipated;
- In our view, while not exhibiting high levels of liquidity, the market for Keybridge shares exhibits an adequate level of liquidity to consider an MBV methodology (refer to Section 6.4 of this Report for more detail);
- Market prices of a company's shares should generally incorporate the influence of all publicly available information relevant to value. Where the market is fully informed and liquid, the market price of a company's shares can be expected to provide an objective assessment of the fair value of those shares;
- Keybridge appears to be meeting its continuous disclosure obligations in relation to its investment portfolio assets and liabilities. By way of example, Keybridge provides half yearly cash flow and operational updates which provide the market with up-to-date information relating to the company's performance. We note that the market price of Keybridge shares has fluctuated based on price sensitive information announced by Keybridge, including announcements relating to the realisation of the company's investments, and the release of half yearly and annual reports; and
- Assuming the Proposed Transaction is approved, the value that will be derived by a PRFG shareholder considering selling their shares will ultimately be the market value at the time. This may or may not be a similar value to the value of Keybridge determined having regard to an ABV methodology.

Having regard to the information set out above, it is our view that it is appropriate to adopt a value of \$0.1600 to \$0.1900 per Keybridge share on a minority interest basis for the purpose of the analysis set out in this Report.

10.0 Valuation of the Consideration Offered

This section sets out our valuation of the total cash and scrip consideration being offered to PRFG Shareholders for each share held in PRFG. This section is set out as follows:

- Section 10.1 sets out our view of the appropriate methodology to apply to value the consideration;
- Section 10.2 sets out our valuation of the Combined Entity on a minority interest basis; and
- Section 10.3 sets out our calculation of the total value of the consideration offered for each PRFG share under the Proposed Transaction.

10.1 Valuation Approach

Section 3.0 of this Report provides a description of the Proposed Transaction including the Initial Consideration and Subsequent Control Transaction Consideration to be paid to PRFG shareholders under the terms of the Proposed Transaction. We have discussed our approach to valuing the different components of this consideration directly below.

It is important to note from the outset that the calculations set out in this section estimate the value of the Combined Entity for the purposes of calculating the value of the consideration offered. Both PRFG and Keybridge have experienced varying degrees of financial distress in recent years. While we are of the view that our calculations are appropriate for the purpose of assessing the Proposed Transaction, it is our view that the value of the Combined Entity may increase or decrease materially over short time periods depending upon the outcome of refinancing discussions with the financiers and changes in economic circumstances.

10.1.1 Initial Consideration

The Initial Consideration under the Proposed Transaction comprises both cash and scrip in the Combined Entity. We have discussed our valuation approach to each component directly below.

Cash Component

Under the Proposed Transaction, PRFG Shareholders will receive total cash consideration of \$1.35 million net of the Deloitte Fee which equates to approximately \$0.0078 per PRFG share. We have adopted \$1.35 million, or \$0.0078 per PRFG share, as the value of the cash consideration for the purpose of assessing the Proposed Transaction.

Scrip Component

Under the Proposed Transaction, PRFG shareholders in aggregate will receive up to 2.5 million shares in the Combined Entity as scrip consideration. The number of Keybridge shares to be issued to PRFG Shareholders as part of the scrip component of the Initial Consideration will be determined based on the value of a Keybridge share at the time of issuance.

Under the terms of the Proposed Transaction, the value of a Keybridge share will be determined having regard to the 3 month VWAP prior to the issuance date. If the 3 month VWAP is \$0.20 then exactly 2.5 million Keybridge shares will be issued to PRFG Shareholders. If, however, the 3 month VWAP exceeds \$0.20, then fewer shares will be issued such that the total value of the scrip component of the Initial Consideration does not exceed \$500,000. On the other hand, if the value of Keybridge shares being issued is determined to be less than \$0.20 per share, PRFG Shareholders will receive only 2.5 million Keybridge shares and the total value of these shares will be less than \$500,000.

In our view, to determine a value of the scrip consideration it is appropriate to:

- a) Add the value of PRFG on a minority interest basis (as set out in Section 8.0) to the value of Keybridge on a minority interest basis (as set out in Section 9.0);
- b) Make appropriate adjustments for other assets and liabilities expected to be held by the Combined Entity following the Proposed Transaction to arrive at an equity value for the Combined Entity;
- c) Divide the equity value of the Combined Entity by the number of shares expected to be on issue to arrive at a minority value per share in the Combined Entity. We have valued the Combined Entity on a minority interest basis as the Combined Entity shares to be received by PRFG Shareholders will represent a minority interest in the Combined Entity.

We note that in considering an appropriate value to adopt for our analysis, we have also considered our valuation range of Keybridge from Section 9.0 above. Our reason for doing this is to allow for circumstances where Keybridge may not be able to resolve all the matters arising from the financial distress that PRFG is currently experiencing;

- d) Multiply the value of a Combined Entity share determined under step c) above by the number of shares assumed to be issued as scrip consideration. The number of Keybridge shares to be issued to PRFG Shareholders as part of the scrip component of the Initial Consideration will be determined based on the value of a Keybridge share at the time of issuance; and
- e) Divide the value from d) above by the total number of shares on issue in PRFG to arrive at a per share value of the scrip consideration.

10.1.2 Subsequent Control Transaction Consideration

The Subsequent Control Transaction Consideration is \$1 million (or the equivalent of approximately \$0.0058 per PRFG share assuming 172.2 million shares on issue) and is proposed to be paid in the form of cash or Keybridge scrip at the option of Keybridge.

The Subsequent Control Transaction Consideration will be only paid to PRFG Shareholders in the event an agreement in respect of a Subsequent Control Transaction is entered into within 12 months from the Implementation Date.

There is significant uncertainty associated with the Subsequent Control Transaction Consideration actually being paid, given that it is dependent upon the successful completion of a subsequent transaction with an independent third party. This uncertainty makes it difficult to quantify the current value of the Subsequent Control Transaction Consideration to PRFG Shareholders in an accurate and reasonable manner. Having regard to this uncertainty, for the purposes of our analysis set out in this Report, we have not attributed any value to the Subsequent Control Transaction Consideration.

Notwithstanding the above, we have taken into consideration the potential benefit of receiving the Subsequent Control Transaction Consideration in our assessment of the reasonableness of the Proposed Transaction which is set out in Section 12.0.

Readers of this Report should refer to section 1.3 of the Transaction Scheme Booklet for further information in relation to the Subsequent Control Transaction Consideration.

10.2 Valuation of the Combined Entity on a Minority Interest Basis

10.2.1 Value of PRFG on a Minority Interest Basis

Section 8.0 of this Report sets out our valuation of PRFG on a controlling interest basis. In our view, to determine the value of PRFG on a minority interest basis it is appropriate to apply a minority discount to the controlling interest value.

To determine an appropriate minority discount to apply to our PRFG valuation we have considered similar factors to those considered for Keybridge in Section 9.2.4 in addition to the control premium research set out in Appendix C. In our view it is appropriate to adopt a minority discount in the range of 16.7% and 28.6% which is consistent with the range we adopted for Keybridge.

Table 10.1 sets out our valuation of PRFG on a minority interest basis.

Table 10.1: Valuation of PRFG on a Minority Interest Basis

	Reference	Low (\$)	High (\$)
Equity Value of PRFG (Controlling Interest)	Section 8.2.6	4,274,250	15,819,879
Minority Interest Discount	Section 10.2.1	28.6%	16.7%
Equity Value of PRFG (Minority Interest)		3,053,036	13,183,233

Source: BDO CFQ Analysis

10.2.2 Value of Keybridge on a Minority Interest Basis

Table 10.2 below sets out our valuation of Keybridge on a minority interest basis, using the per share valuation set out in Section 9.4 above.

Table 10.2: Valuation of Keybridge on a Minority Interest Basis

	Reference	Low (\$)	High (\$)
Value of a Keybridge Share (Minority Interest)	Section 9.4	0.1600	0.1900
Number of Keybridge Shares on Issue	Section 6.3.1	172,070,564	172,070,564
Value of Keybridge (Minority Interest)		27,531,290	32,693,407

Source: BDO CFQ Analysis

10.2.3 Other Adjustments

In determining the value of the Combined Entity it is also necessary to consider the following:

- Total transaction costs (i.e. regulatory and advisory fees, etc.) - we have been advised that total transaction costs in relation to the Proposed Transaction excluding the Deloitte Fee are approximately \$500,000; and
- Cash consideration - Keybridge will pay a total cash amount of \$1.5 million which consists of the \$1.35 million to be received by PRFG Shareholders and the Deloitte Fee of \$0.15 million.

We consider it appropriate to reduce the equity value of the Combined Entity by these amounts as our valuations of PRFG and Keybridge as set out in Sections 10.2.1 and 10.2.2 do not include the impact of the transaction costs and cash consideration.

10.2.4 Valuation of the Combined Entity

Table 10.3 below sets out our valuation of the Combined Entity on a minority interest basis having regard to the information set out in Sections 10.2.1 to 10.2.3 above.

Table 10.3: Valuation of the Combined Entity on a Minority Interest Basis

	Reference	Low (\$)	High (\$)
Value of PRFG (Minority Interest)	Section 10.2.1	3,053,036	13,183,233
Value of Keybridge (Minority Interest)	Section 10.2.2	27,531,290	32,693,407
Other Adjustments	Section 10.2.3	(2,000,000)	(2,000,000)
Value of Combined Entity (Minority Interest)		28,584,326	43,876,640

Source: BDO CFQ Analysis

With reference to Table 10.3 above, in our view it is appropriate to adopt for the purpose of the analysis set out in this Report a value of the Combined Entity in the range of approximately \$28.6 million and \$43.9 million.

Table 10.4 sets out our valuation of an ordinary share in the Combined Entity on a minority interest basis. In relation to Table 10.4 below we note the following:

- Under the low scenario the Combined Entity is assumed to have 174,570,564 shares on issue which comprises the 172,070,564 Keybridge shares currently on issue in addition to the 2.5 million new shares to be issued to PRFG Shareholders. We note that in this scenario all 2.5 million consideration shares are expected to be issued because the total value will be less than \$500,000; and
- Under the high scenario the Combined Entity is assumed to have 174,570,564 shares on issue which comprises the 172,070,564 Keybridge shares currently on issue in addition to approximately 2.0 million new shares to be issued to PRFG Shareholders. We note that in this scenario the total amount of consideration shares issued is less than 2.5 million so that the total value does not exceed \$500,000 as agreed between the parties.

Table 10.4: Valuation of a Share in the Combined Entity on a Minority Interest Basis

	Reference	Low (\$)	High (\$)
Value of Combined Entity (Minority Interest)	Table 10.3	28,584,326	43,876,640
Number of shares on issue	Section 5.2	174,570,564	174,570,564
Value of a share in the Combined Entity (Minority Interest)		0.1637	0.2521

Source: BDO CFQ Analysis

For the purpose of the analysis set out in this Report we have adopted a per share value of the Combined Entity following the Proposed Transaction in the range of \$0.1637 to \$0.2521.

10.3 Calculation of the Total Consideration Offered per PRFG Share

We note that under the terms of the Proposed Transaction, PRFG Shareholders will receive the Initial Consideration which consists of cash and scrip components, and, if applicable, the Subsequent Control Transaction Consideration. Each of these components is discussed in turn below.

Refer to section 1.3 of the Transaction Scheme Booklet for further information in relation to the total consideration relating to the Proposed Transaction.

10.3.1 Initial Consideration

Cash Component

In our view, it is appropriate to adopt a value of \$0.0078 per PRFG share for the value of the cash consideration. Our reasons for forming this view are set out in Section 10.1.1 above.

Scrip Component

Table 10.5 sets out our view of the value of the scrip consideration. For the purpose of our analysis we note the following:

- The low scenario assumes a Combined Entity per share value of \$0.1637 being the low end of our range from Table 10.4 above; and
- The high scenario assumes a Combined Entity per share value of \$0.2521. In this circumstance only 1,983,447 shares will be issued (as opposed to 2.5 million) as the total value of the shares to be issued is not to exceed \$500,000.

Table 10.5: Total Scrip Consideration Offered per PRFG Share

	Reference	Low	High
Number of Combined Entity Shares to be Issued	Section 10.3.1	2,500,000	2,073,730
Value of Combined Entity Scrip	Section 10.2.4	\$0.1637	\$0.2521
Total Value of the Scrip Consideration		\$409,352	\$500,000
Number of PRFG Shares on Issue	Section 10.3.2	172,191,089	172,191,089
Total Scrip Consideration Value per PRFG Share		\$0.0024	\$0.0029

Source: BDO CFQ Analysis

10.3.2 Subsequent Control Transaction Consideration

For reasons set out in Section 10.1.2 above, we have not attributed any value to the Subsequent Control Transaction Consideration. We have however taken into consideration the potential benefit of receiving the Subsequent Control Transaction Consideration in our assessment of the reasonableness of the Proposed Transaction which is set out in Section 12.0.

For completeness we note that the conclusions set out in this Report would be unchanged in circumstances where we adopted the full \$1 million value for this consideration, a value that would only be adopted in circumstances where it is assumed that a 100% probability exists of achieving the relevant milestone.

10.3.3 Total Consideration per PRFG Share

Table 10.6 sets out our calculation of the total consideration on offer for each PRFG Share under the terms of the Proposed Transaction.

Table 10.6: Total Consideration Offered per PRFG Share

	Reference	Low (\$)	High (\$)
Initial Cash Consideration	Section 10.3.1	0.0078	0.0078
Initial Scrip Consideration	Section 10.3.1	0.0024	0.0029
Subsequent Control Transaction Consideration	Section 10.3.2	Nil	Nil
Total Consideration Value per PRFG Share		0.0102	0.0107

Source: BDO CFQ Analysis

Having regard to the above, in our view it is appropriate to adopt a total consideration value in the range of \$0.0102 and \$0.0107 per PRFG share.

11.0 Assessment of the Fairness of the Proposed Transaction

This section sets out our opinion on the fairness of the Proposed Transaction. To assess whether the Proposed Transaction is fair we have completed steps including the following:

- (a) Determined the value of a share in PRFG on a controlling interest basis prior to the Proposed Transaction. In relation to our valuation we note the following:
 - i. We have considered the value of PRFG on a controlling interest basis as the Proposed Transaction represents a control transaction. PRFG Shareholders are giving up control in PRFG for a minority interest in the Combined Entity and cash; and
 - ii. In accordance with paragraph 111.15 of RG 111, we have not had regard to the financial distress of PRFG in completing our valuation work. Rather, we have considered the value of PRFG on the basis of a knowledgeable and willing, but not anxious, seller that is able to consider alternative options to the Proposed Transaction. Had we considered the current financial distress of PRFG, it is our view that it is likely that our valuation would have resulted in a lower value. We have considered the attractiveness of alternative methods to remedy the financial distress in determining the reasonableness of the Proposed Transaction.

Our valuation of PRFG is set out in Section 8.0 of this Report;

- (b) Determined the value of the consideration (comprising both scrip in the Combined Entity and cash) to be received by PRFG Shareholders for each share under the Proposed Transaction. This analysis is set out in Section 10.0 of this Report; and
- (c) Compared the value determined in (a) above with the value determined in (b) above. Under RG 111 the Proposed Transaction will be considered 'fair' to PRFG Shareholders if the value held by PRFG Shareholders post the Proposed Transaction determined in (b) above is equal to or greater than the value held by PRFG Shareholders prior to the Proposed Transaction as determined in (a) above.

The valuations set out in Sections 8.0 to 10.0 have been prepared primarily to allow a comparison of the relative values of the total consideration being offered under the Proposed Transaction and the value of a share in PRFG immediately prior to the Proposed Transaction. While it is our view that the values we have adopted are appropriate for assessing the Proposed Transaction, it is our view that the share market value of the companies on a merged basis will depend on a wide range of matters, including the economic conditions and operational prospects that exist at the time and may differ materially to the values we have adopted for the Combined Entity.

Table 11.1 below sets out a comparison of the total consideration offered per PRFG share and the value of a share in PRFG immediately prior to the Proposed Transaction for the purpose of the analysis set out in this Report.

Table 11.1: Comparison of Total Consideration per PRFG Share and the Value of a PRFG Share

	Reference	Low (\$)	High (\$)
Value of the total consideration per PRFG share	Section 10.3	0.0102	0.0107
Value of a share in PRFG (Controlling Interest)	Section 8.3	0.0248	0.0919

Source: BDO CFQ analysis

The analysis set out in Table 11.1 above indicates that our value of a share in PRFG is higher than the value of the total consideration to be provided under the Proposed Transaction.

As our valuation of the consideration under the Proposed Transaction is less than our valuation of a PRFG share, it is our view that the Proposed Transaction is **Not Fair** to the PRFG Shareholders as at the date of this Report.

As outlined in Section 10.3.2, our assessment of the fairness of the Proposed Transaction excludes the impact of any potential benefit of the Subsequent Control Transaction Consideration, due to the uncertainty associated with a control transaction actually occurring and the consideration being paid. Notwithstanding this, we note for completeness that even at the maximum value of \$1 million (or \$0.0058 per PRFG share) the Subsequent Control Transaction Consideration would not have a material impact upon our opinion on the fairness of the Proposed Transaction.

PRFG Shareholders should also refer to Section 12.0 of this Report which sets out additional issues PRFG Shareholders should consider when deciding whether to vote in favour of or against the Proposed Transaction.

12.0 Assessment of the Reasonableness of the Proposed Transaction

This section is set out as follows:

- Section 12.1 outlines the advantages of the Proposed Transaction to PRFG Shareholders;
- Section 12.2 outlines the disadvantages of the Proposed Transaction to PRFG Shareholders;
- Section 12.3 outlines alternatives to the Proposed Transaction;
- Section 12.4 considers the position of PRFG Shareholders in the event the Proposed Transaction is not approved; and
- Section 12.5 provides our assessment of the reasonableness of the Proposed Transaction.

12.1 Advantages of the Proposed Transaction

This section discusses the advantages to PRFG Shareholders of approving the Proposed Transaction by separately considering:

- the advantages of the Proposed Transaction (refer to Section 12.1.1);
- the advantages of receiving the cash consideration offered under the Proposed Transaction (refer to Section 12.1.2); and
- the advantages of receiving the scrip consideration offered under the Proposed Transaction (refer to Section 12.1.3).

12.1.1 Advantages of the Proposed Transaction

Table 12.1 below outlines the advantages to PRFG shareholders of the Proposed Transaction. It is our view that the advantages set out in Table 12.1 below exist irrespective of whether the consideration being received by an individual PRFG shareholder is in the form of cash or scrip.

Table 12.1: Advantages to PRFG Shareholders of Approving the Proposed Transaction

Advantage	Explanation
The Proposed Transaction is the best proposal	As discussed in Section 5.1.3 of this Report, the directors of PRFG engaged Deloitte as the company's corporate advisor to take PRFG to market with a view to either selling or recapitalising the company. Despite presenting the opportunity to a wide range of potential purchasers, the directors and their advisers are of the view that the Proposed Transaction is the best proposal that has been received as of the date of this Report that is capable of acceptance.

Advantage	Explanation
The risk of PRFG being placed into receivership by Keybridge is reduced	<p>The termination date of the Mezzanine Debt Facility in the absence of a superior offer being received by PRFG is the date the Scheme Implementation Agreement is terminated or 30 June 2013 if the Scheme Implementation Agreement is terminated due to a superior proposal being entered into. Keybridge will be in a position to place PRFG into receivership in circumstances where the Proposed Transaction is not approved and no superior offer has been received.</p> <p>If PRFG is placed into receivership and the receiver is not able to obtain a superior proposal to the offers obtained by the directors of PRFG over the previous 12 month period, it is possible that PRFG shareholders will realise a value for their investment which is significantly less than the consideration anticipated by the Proposed Transaction or may not receive any value at all.</p> <p>If the Proposed Transaction is approved however the termination date of the Mezzanine Debt Facility is proposed to be extended to a date as agreed in writing between PRFG and Keybridge, subject to approval by CBA and the conditions precedent of the Proposed Transaction. For completeness, we note a conditions precedent of the Proposed Transaction is the extension of PRFG's Senior Debt Facility on terms acceptable to Keybridge.</p>
PRFG Shareholders may be entitled to receive the Subsequent Control Transaction Consideration	<p>Under the terms of the Proposed Transaction, PRFG shareholders will be entitled to the Subsequent Control Transaction Consideration in the event an agreement in respect of a Subsequent Control Transaction is entered into within 12 months from the Implementation Date. The amount of the Subsequent Control Transaction Consideration is \$1 million and is payable in the form of cash or Combined Entity scrip at the option of the Combined Entity.</p> <p>For completeness, we note that for reasons set out in Section 10.1 of this Report, we have not attributed any value to the Subsequent Control Transaction Consideration in our assessment of the fairness of the Proposed Transaction.</p>
PRFG's founders and largest shareholders support the Proposed Transaction	Mr Peter Llewellyn and Mr Rod James, the founders of PRFG and the largest shareholders with a combined interest of 63.6% in PRFG, have recommended the Proposed Transaction in the absence of a superior proposal.

Source: BDO CFQ analysis

12.1.2 Advantages of Receiving the Cash Consideration

Table 12.2 below outlines the advantages to PRFG shareholders of receiving the cash consideration offered under the Proposed Transaction.

12.2: Advantages to PRFG Shareholders of Receiving the Cash Consideration

Advantage	Explanation
Provides certainty of value to PRFG shareholders	A majority of the consideration offered to PRFG shareholders under the terms of the Proposed Transaction is in the form of cash. PRFG shareholders will be able to partially realise the value of their PRFG shares for a known amount if the Proposed Transaction is approved.
Relatively quick realisation of value	The cash consideration offered by Keybridge is payable to PRFG shareholders on the Implementation Date, being 28 June 2013. If the Proposed Transaction is not approved, PRFG shareholders may not get another opportunity to realise value for their PRFG shares in the short to medium term.
No brokerage commissions	No brokerage commissions are payable by PRFG shareholders in relation to the portion of the consideration received as cash.

Source: BDO CFQ analysis

12.1.3 Advantages of Receiving the Scrip Consideration

Table 12.3 below outlines the advantages to PRFG shareholders of receiving the scrip consideration offered under the Proposed Transaction.

12.3: Potential Advantages to PRFG Shareholders of Receiving the Scrip Consideration

Advantage	Explanation
PRFG shareholders will retain exposure to any potential upside in the value of PRFG	If the Proposed Transaction is approved, PRFG shareholders will continue to hold an indirect interest in PRFG through their interest in Keybridge. PRFG shareholders will therefore retain exposure to any potential upside in the value of PRFG, albeit at diluted levels.
PRFG shareholders will hold an investment in an ASX listed company	PRFG shareholders will hold an investment in an ASX listed company, which may make it easier for them to exit their investment in Keybridge in the short to medium term.
PRFG shareholders will have exposure to a more diversified portfolio of assets	<p>PRFG's business is primarily focussed on the integrated sale and financing of motor vehicles as at the date of this Report. Conversely, Keybridge's investment portfolio is diversified across a range of different assets that are located around the world.</p> <p>While the success or failure of any of Keybridge's investments may have a material impact on the company, the risks are not solely attributable to one key business or investment as is currently the case for PRFG. Keybridge scrip will therefore provide PRFG shareholders with exposure to a more diversified portfolio of assets. This diversification may lower the risk of PRFG shareholders' investment and could result in greater shareholder value over the longer term.</p> <p>Refer to Section 6.0 of this Report for further information on Keybridge's investment portfolio.</p>

Source: BDO CFQ analysis

12.2 Disadvantages of the Proposed Transaction

Table 12.4 below outlines the potential disadvantages to PRFG Shareholders of approving the Proposed Transaction.

12.4: Potential Disadvantages to PRFG Shareholders of Approving the Proposed Transaction

Disadvantage	Explanation
The value of a Keybridge share is uncertain	PRFG shareholders will hold shares in Keybridge if the Proposed Transaction is approved. The medium to long term value of a Keybridge share is uncertain and may differ materially to the current market price of a Keybridge share and / or the value we have calculated for a Keybridge share in this Report.
PRFG shareholders will have exposure to the risks of the Combined Entity	PRFG Shareholders may not wish to invest in a public company with the characteristics and risk profile of Keybridge or the Combined Entity. Refer to section 4 of the Transaction Scheme Booklet for further information relating to the risks applicable to Keybridge and the Combined Entity.

Disadvantage	Explanation
PRFG shareholders will receive limited direct benefit from any agreement in respect of a Subsequent Control Transaction being entered into more than 12 months after the Implementation Date	<p>PRFG shareholders are only entitled to receive the Subsequent Control Transaction Consideration in circumstances where an agreement in respect of a Subsequent Control Transaction is entered into within 12 months from the Implementation Date. Accordingly, in circumstances where an agreement in respect of a Subsequent Control Transaction is entered into more than 12 months after the Implementation Date, PRFG Shareholders will receive no additional consideration under the terms of the Proposed Transaction.</p> <p>We note however that PRFG Shareholders may benefit indirectly from an agreement in respect of a Subsequent Control Transaction being entered into more than 12 months after the Implementation Date if the value of a Combined Entity share increases following the agreement and/or the completion of the Subsequent Control Transaction.</p>
PRFG shareholders will only hold a minority interest in the Combined Entity	Following the Proposed Transaction, PRFG Shareholders will hold in aggregate an interest in 2.5 million of the 174.0 million shares on issue in the Combined Entity. This interest represents approximately 1.5% of the Combined Entity's total shares on issue.

Source: BDO CFQ analysis

12.3 Alternatives to the Proposed Transaction

Based on discussions with the directors of PRFG, we understand that the alternatives to the Proposed Transaction are for PRFG to:

- a) Complete a successful equity capital raising to meet its debt obligations;
- b) Renegotiate the terms and conditions of its existing debt facilities with its current lenders;
- c) Refinance its existing debt facilities with a new debt facility;
- d) Pursue an alternative sales transaction; or
- e) Enter voluntary administration.

Each of the alternative options available to PRFG Shareholders is considered in more detail in Table 12.5 below.

Table 12.5: Alternative Options Available to PRFG Shareholders

Alternative	Explanation
Equity Capital Raising	<p>PRFG may attempt to raise additional equity capital by securing a cornerstone investor to assist with the repayment of debt and fund future growth. We note however that PRFG has not been able to identify a cornerstone investor willing to invest the amounts required to recapitalise PRFG as at the date of this Report.</p> <p>PRFG Shareholders should also note that identifying a suitable cornerstone investor may require considerable amounts of time. If a cornerstone investor cannot be secured before PRFG's existing debt facilities expire, PRFG may be placed into receivership by its lenders.</p>

Alternative	Explanation
Renegotiate Debt Facilities	<p>PRFG may attempt to renegotiate the terms and conditions of its existing debt facilities with its current lenders. We note however that PRFG's lenders have placed PRFG under considerable pressure to reduce its debt levels in the near term and have not provided any indication that they will continue to support the company longer term.</p> <p>PRFG Shareholders should also note that Keybridge is entitled to terminate the Mezzanine Debt Facility on the date the Implementation Agreement is terminated if the Proposed Transaction is not approved (except in the case where termination is caused by the receipt of a superior offer). Accordingly, PRFG may not have the opportunity to renegotiate the Mezzanine Debt Facility with Keybridge in circumstances where the Proposed Transaction is not approved.</p>
Refinance Debt Facilities	<p>PRFG may attempt to establish a new debt facility to replace its existing debt facilities.</p> <p>We understand that PRFG management have explored the possibility of establishing a new debt facility and have concluded that PRFG is unable to attract debt funding at a rate of interest that is equal to or better than the rate of interest currently accruing on the Mezzanine Debt Facility. Accordingly, a decision to refinance PRFG is likely to result in a rate of interest being paid on the new debt facility that is higher than the rate of interest currently accruing on the Mezzanine Debt Facility.</p>
Alternative Sales Transaction	<p>PRFG may attempt to pursue an alternative sales transaction. We note that PRFG has gone through an extensive process with a view to either selling or recapitalising the company, and has identified a number of purchasers who may be interested in making a formal offer for all or part of the company.</p> <p>Notwithstanding the above, we note that PRFG has not received another offer that is superior to the Proposed Transaction as at the date of this Report. There is no guarantee that PRFG will receive a superior offer from another party in circumstances where the Proposed Transaction is not approved.</p>
Voluntary Administration	<p>PRFG directors may decide to place the company into voluntary administration in circumstances where the business can no longer continue to operate as a going concern.</p> <p>An administrator may or may not continue to operate PRFG's business following an assessment of PRFG's operations, cash flow and earnings. PRFG Shareholders may not realise value from their investment in circumstances where the assets of the company are liquidated.</p>

Source: BDO CFQ and PRFG management

12.4 Impact on PRFG Shareholders if the Proposed Transaction is Not Approved

Table 12.6 below outlines the position of PRFG Shareholders if the Proposed Transaction is not approved.

Table 12.6: Position of PRFG Shareholders if the Proposed Transaction is Not Approved

Position	Explanation
PRFG Shareholders will continue to hold PRFG shares	If the Proposed Transaction is not approved, PRFG Shareholders will continue to hold shares in PRFG. PRFG Shareholders will continue to be exposed to the risks and opportunities associated with PRFG. PRFG Shareholders will not have their ownership interests in PRFG diluted unless the company carries out an equity capital raising.

Position	Explanation
The directors of PRFG will need to reconsider the strategic position of the company	<p>If the Proposed Transaction is not approved, PRFG would need to consider the alternatives to the Proposed Transaction set out in Section 12.3 above. As discussed, it is unlikely that PRFG would be able to successfully raise capital in the current market and may need to pursue an alternative sales process.</p> <p>Given that PRFG undertook an extensive process to either sell or recapitalise the company prior to agreeing the terms of the Proposed Transaction, there is a risk that PRFG shareholders may ultimately realise a value that is materially lower than the value we have calculated for PRFG in circumstances where the Proposed Transaction is not approved.</p> <p>For example, in circumstances where PRFG is unable to renegotiate its current finance facilities and a voluntary administrator or receiver is appointed, there is a material risk that the value ultimately realised will not exceed the consideration anticipated by the Proposed Transaction or the values offered under the process recently conducted by PRFG with a view to either selling or recapitalising the company (refer to Section 5.1.3 of this Report for more detail).</p>
PRFG will not be able to recover the costs incurred in relation to the Proposed Transaction	If the Proposed Transaction is not approved, PRFG will not be able to recover the costs incurred in relation to the Proposed Transaction.

Source: BDO CFQ analysis

12.5 Assessment of the Reasonableness of the Proposed Transaction

In our opinion, after consideration of all issues including those set out above in this section, it is our view that, in the absence of any other information, the Proposed Transaction is **reasonable** to the PRFG Shareholders as at the date of this Report.

13.0 Conclusion on Whether the Proposed Transaction is in the Best Interests of PRFG Shareholders

In our opinion, the Proposed Transaction is **Not Fair** (refer Section 11.0 of this Report) but **Reasonable** (refer Section 12.0 of this Report) to PRFG Shareholders.

While the consideration offered is less than the value of a PRFG share, it is our view that there are sufficient other reasons (e.g. the advantages set out in Section 12.1 above) for PRFG Shareholders to vote in favour of the Proposed Transaction in the absence of a superior proposal. In particular, we note the following:

- PRFG is currently experiencing financial distress. The company has breached covenants relating to the Senior Debt Facility and is in default on the Mezzanine Debt Facility;
- Keybridge will be in a position to place PRFG into receivership in circumstances where the Proposed Transaction is not approved and no superior offer has been received;
- If PRFG is placed into receivership and the receiver is not able to obtain a superior proposal to the offers obtained by the directors of PRFG over the previous 12 month period, it is possible that PRFG shareholders will realise a value for their investment which is significantly less than the consideration anticipated by the Proposed Transaction or may not receive any value at all;
- The termination date of the Mezzanine Debt Facility in the absence of a superior offer being received by PRFG is the date the Scheme Implementation Agreement is terminated or 30 June 2013 if the Scheme Implementation Agreement is terminated due to a superior proposal being entered into; and
- PRFG and its corporate adviser, Deloitte, have made significant attempts to either recapitalise or sell PRFG by presenting the opportunity to a wide range of potential investors and purchasers. Despite these attempts, PRFG's directors and their advisers are of the view that the Proposed Transaction is the best proposal that has been received as of the date of this Report that is capable of acceptance.

Having regard to the information set out above, it is our view that in the absence of any other information or a superior proposal, the Proposed Transaction **is in the best interests** of PRFG Shareholders as at the date of this Report.

The decision to vote for or against the Proposed Transaction is a separate decision to the investment decision to hold or divest Keybridge shares in the event the Proposed Transaction is approved. We recommend shareholders consult their own professional advisers in relation to the decision on whether to hold or divest Keybridge shares.

14.0 Sources of Information

This Report is based on information from sources including the following:

- PRFG company website - www.prfinance.com.au;
- PRFG annual report for the 12 months ended 30 June 2011;
- PRFG annual report for the 12 months ended 30 June 2012;
- PRFG interim report for the 6 months ended 31 December 2012;
- PRFG interim Statement of financial position as at 28 February 2013;
- PRFG share register as at 9 April 2013;
- Financial Models provided by the directors of PRFG;
- Keybridge company website - www.keybridge.com.au;
- Keybridge annual report for the 12 months ended 30 June 2011;
- Keybridge annual report for the 12 months ended 30 June 2012;
- Keybridge interim report for the 6 months ended 31 December 2012;
- Keybridge ASX announcements;
- Australian Bureau of Statistics, catalogue number 5671.0 - Lending Finance in Australia;
- Bloomberg;
- Various other research publications and publicly available data as sourced throughout this Report;
- Various transaction documents including the Transaction Scheme Booklet, Notice of Meeting and Explanatory Memorandum; and
- Various discussions and other correspondence with PRFG and Keybridge management and their advisors.

15.0 Indemnities, Representations & Warranties

PRFG has agreed to our usual terms of engagement in addition to the indemnities and representations set out below.

15.1 Indemnities

In connection with BDO CFQ's engagement to prepare this Report, PRFG agrees to indemnify and hold harmless BDO CFQ, BDO (QLD) or any of the partners, directors, agents or associates (together 'BDO Persons'), to the full extent lawful, from and against all losses, claims, damages, liabilities and expenses incurred by them. PRFG will not be responsible, however, to the extent to which such losses, claims, damages, liabilities or expenses result from the negligent acts or omissions or wilful misconduct of any BDO Persons.

PRFG agrees to indemnify BDO Persons in respect of all costs, expenses, fees of separate legal counsel or any other experts in connection with investigating, preparing or defending any action or claim made against BDO Persons, including claims relating to or in connection with information provided to or which should have been provided to BDO CFQ by PRFG (including but not limited to the directors and advisers of PRFG) as part of this engagement.

PRFG has acknowledged that the engagement of BDO CFQ is as an independent contractor and not in any other capacity including a fiduciary capacity.

15.2 Representations & Warranties

PRFG recognises and confirms that, in preparing this Report, except to the extent to which it is unreasonable to do so, BDO Persons will be using and relying on publicly available information and on data, material and other information furnished to BDO Persons by PRFG, its management, and other parties, and may assume and rely upon the accuracy and completeness of, and is not assuming any responsibility for independent verification of, such publicly available information and the other information so furnished.

16.0 Experience, Disclaimers and Qualifications

BDO CFQ has extensive experience in the provision of corporate finance advice, including takeovers, valuations and acquisitions. BDO CFQ holds a Financial Services Licence issued by ASIC for preparing expert reports pursuant to the Listing Rules of the ASX and the Corporations Act.

BDO CFQ and its related parties in Australia have a wide range of experience in transactions involving the advising, auditing or expert reporting on companies that have operations domestically and in foreign jurisdictions. BDO in Queensland and in Australia is a national association of separate partnerships and entities and is a member of the international BDO network of individual firms.

Steven Sorbello has prepared this Report with the assistance of staff members. Mr Sorbello is a director of BDO CFQ and has extensive experience in corporate advice and the provision of valuation and business services to a diverse range of clients, including large private, public and listed companies, financial institutions and professional organisations.

BDO CFQ has been engaged to provide an independent expert's report to PRFG Shareholders to assist them to decide whether to vote in favour of or against the Proposed Transaction. BDO CFQ hereby consents to this Report being used for that purpose. Apart from such use, neither the whole nor any part of this Report, nor any reference thereto may be included in or with, or attached to any document, circular, resolution, statement, or letter without the prior written consent of BDO CFQ.

BDO CFQ takes no responsibility for the contents of other documents supplied in conjunction with this Report. BDO CFQ has not audited or reviewed the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or a review of any of the entities mentioned in this Report. However we have no reason to believe that any of the information or explanations so supplied is false or that material information has been withheld.

Any forecast information which has been referred to in this Report has been prepared by the relevant entity and is generally based upon best estimate assumptions about events and management actions, which may or may not occur. Accordingly, BDO CFQ cannot provide any assurance that any forecast is representative of results or outcomes that will actually be achieved.

With respect to any taxation implications of the Proposed Transaction, it is strongly recommended that PRFG Shareholders obtain their own taxation advice, tailored to their own particular circumstances.

The statements and opinions included in this Report are given in good faith and in the belief that they are not false, misleading or incomplete. This Report is current as at the date of this Report.

BDO Corporate Finance (QLD) Ltd



Steven Sorbello
Director

Appendix A - Industry Background

This section provides a broad overview of the industries relevant to PRFG and Keybridge and is set out as follows:

- Section A.1 provides an overview of the vehicle finance industry in Australia;
- Section A.2 provides an overview of the personal loans industry in Australia; and
- Section A.3 provides an overview of the diversified financials industry in Australia.

This section provides a summary only and is not intended to be a comprehensive analysis of these markets. The information presented in this section has been compiled from a range of sources. BDO CFQ has not independently verified any of the information and we recommend that PRFG Shareholders refer to the original source of any information listed in this section. This section should be referred to as a broad guide only.

A.1 Vehicle Finance Industry in Australia

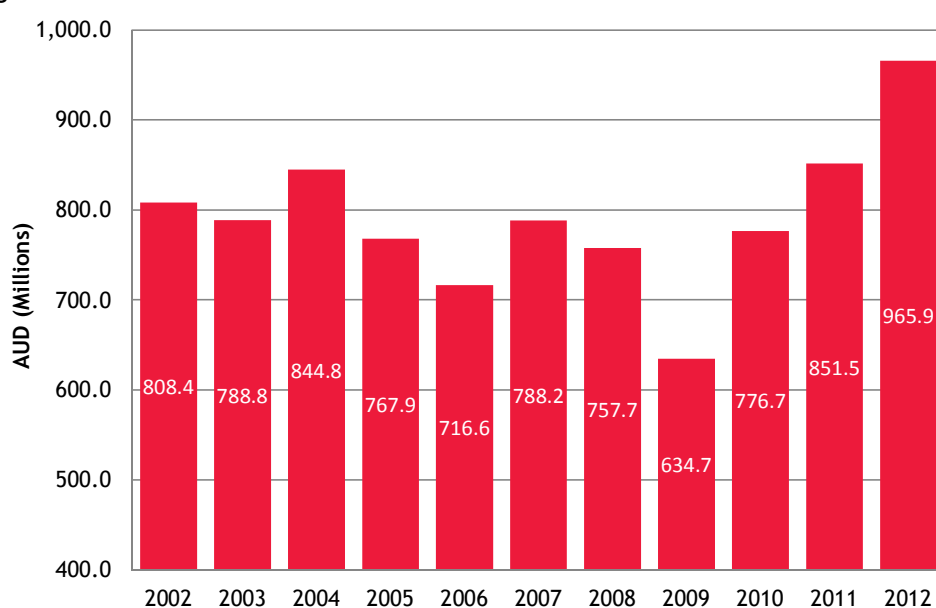
A.1.1 Participants in the Vehicle Finance Industry in Australia

Key participants in the vehicle finance industry include banks, finance companies such as Liberty, Esanda and GE Capital, and affiliates of motor vehicle companies such as Ford Credit Australia and Toyota Finance. According to the Australian Bureau of Statistics, non-bank lenders accounted for approximately 45% of the total market in the three most recent years, down from approximately 64% in the years prior to the GFC.

A.1.2 Value of Vehicle Finance Commitments in Australia

Figure A.1 below sets out the value of vehicle finance commitments in Australia over the period 2002 to 2012.

Figure A.1: Vehicle Finance Commitments from 2002 to 2012



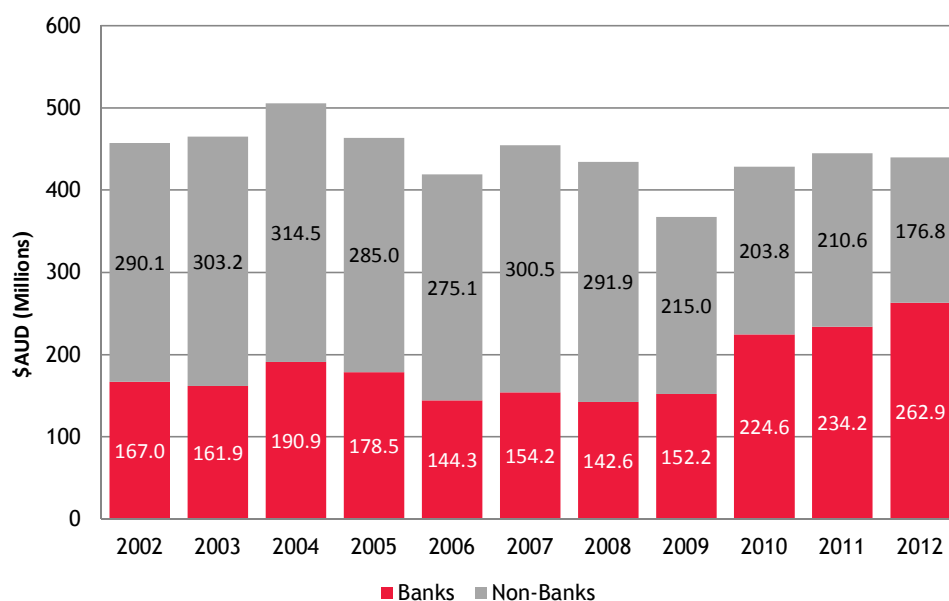
Source: Australian Bureau of Statistics, Catalogue number 5671.0

Figure A.1 above shows that the value of vehicle finance commitments decreased significantly in 2009, primarily due to the adverse impact of the Global Financial Crisis ('GFC'). Since 2009 however, vehicle finance has grown at a rate of 15.0% per annum primarily due to decreasing interest rates and increasing consumer confidence. The total value of vehicle finance commitments was \$965.9 million in 2012, an increase of 13.4% from 2011.

A.1.3 Value of Used Vehicle Finance Commitments in Australia

Approximately 50% of the total vehicle finance commitments in Australia are attributed to used vehicle finance commitments. Figure A.2 below sets out the used vehicle finance commitments in Australia over the period 2002 to 2012.

Figure A.2: Used Vehicle Finance Commitments from 2002 to 2012



Source: Australian Bureau of Statistics, Catalogue number 5671.0

Figure A.2 above shows that the total value of used vehicle finance commitments has been relatively flat over the past ten years, ranging from a low of \$367.2 million in 2009 to a high of \$505.4 million in 2004.

The value of used vehicle finance commitments decreased significantly in 2009, primarily due to the adverse impact of the GFC. The GFC led to tighter credit guidelines, increased risk premiums, and the temporary and permanent departure of a number of the major players from the industry, all of which combined to significantly reduce the demand for used vehicle finance. Since the GFC however, used vehicle finance has grown at a rate of 6.2% per annum.

A.1.4 Subprime Finance Industry

Lenders within the subprime finance industry provide financial services to consumers who do not meet the credit requirements of a standard bank loan. Products offered within the subprime finance industry generally provide the lender with a higher return as compensation for the additional risks associated with providing finance to consumers with relatively poor credit ratings.

Subprime lending is a fast growing sector of Australia’s financial services industry. However, future growth in the subprime finance industry is susceptible to policy changes set by the National Consumer Credit Protection Amendment. By way of example, an interest rate cap of 48% on regulated consumer credit was introduced on 1 July 2012 in New South Wales, Victoria, Queensland and the ACT. Further changes of this nature may require lenders within the subprime finance industry to develop alternative methods of providing finance services to higher risk individuals.

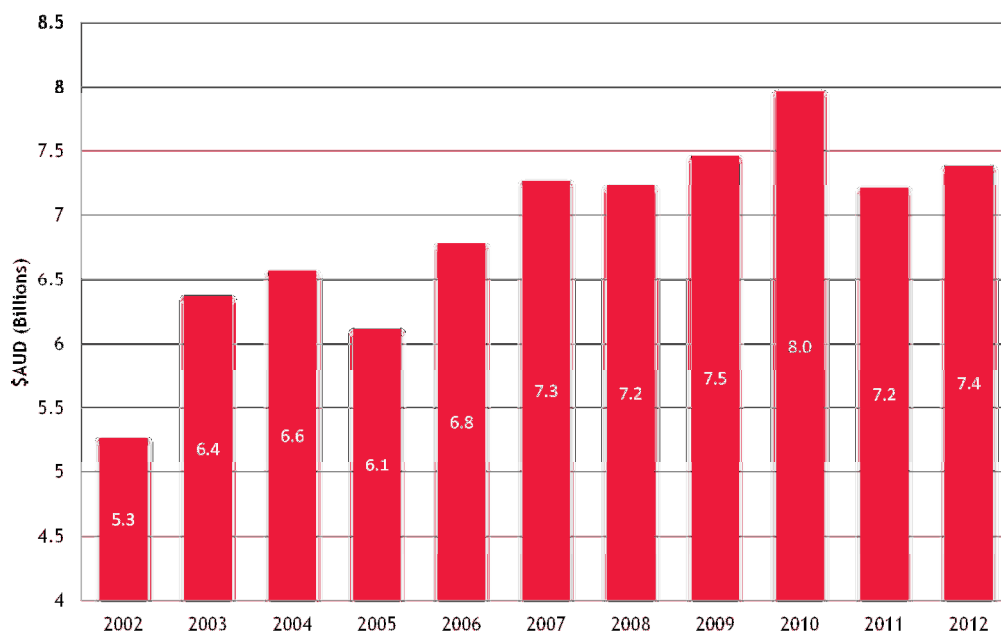
A.2 Personal Loans in Australia

A personal loan is generally considered to be a short term loan used for personal purposes such as purchasing a vehicle, renovating a home, consolidating debt, refinancing, or paying for a vacation.

A personal loan may be secured or unsecured, depending on whether a portion of the borrower’s asset is guaranteed as collateral. Secured loans usually carry a lower interest rate, as the borrower is faced with the risk that the credit provider may have the right to sell the collateralised asset if they were to become insolvent. According to Australian Bureau of Statistics, personal loans account for approximately 14.4% of the aggregate loan industry.

Figure A.3 below presents the value of personal loan commitments in Australia over the period 2002 to 2012.

Figure A.3: Personal Loans Commitments from 2002 to 2012



Source: Australian Bureau of Statistics, Catalogue number 5671.0

Figure A.3 above shows that the value of personal loan commitments in Australia has increased from \$5.3 billion in 2002 to \$7.4 billion in 2012. Over the most recent 5 year period however, growth in the value of personal loan commitments has been relatively flat at 0.3% per annum.

A.3 Diversified Financials Industry in Australia

Companies within the diversified financials industry primarily manage a series of investments in different classes of financial assets using funds raised from external investors. Revenue generated by companies in the industry is dependent upon the returns on individual assets held in the investment portfolios as well as the amount of capital allocated to each asset class in the portfolio. In turn, the portfolio performance is highly sensitive to the state of the economy, investor and business confidence, prevailing interest rates and the availability of funds.

There are 88 Australian companies listed on the ASX that comprise the diversified financials industry according to Bloomberg, with Keybridge being a part of this group. The majority of companies listed within the diversified financials industry allocate their funds to selected equities, property, and infrastructure assets.

The larger companies within the industry include Macquarie Group, BT Investment Management, Argo Investments, and SGF Australia. Together, these four companies account for approximately 40.5% of the total industry based on market capitalisation. The median market capitalisation of a company within the diversified financials industry in Australia is \$33.5 million, which suggests that Keybridge is positioned as a mid-cap company relative to its peers.

According to Bloomberg data, the diversified financials industry has had an aggregated return on invested capital over the past three years of 8.8% per annum and has outperformed the ASX200 index in each of the last three years. This suggests that the diversified financial industry has recovered from the major decrease in asset prices caused by the GFC in 2008.

Appendix B - Common Valuation Methodologies

A fair market value is often defined as the price which reflects a sales price negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, with both parties at arm's length. The valuation work set out in this Report assumes this relationship.

There are a number of methodologies available to value an entity at fair market value. In preparing this Report we have considered, among other metrics, the valuation methodologies recommended by ASIC in RG 111 regarding the content of expert reports. The methodologies include those mentioned directly below.

B.1 Discounted Cash Flows ('DCF')

The DCF approach calculates the value of an entity by adding all of its future net cash flows discounted to their present value at an appropriate discount rate. The discount rate is usually calculated to represent the rate of return that investors might expect from their capital contribution, given the riskiness of the future cash flows and the cost of financing using debt instruments.

In addition to the periodic cash flows, a terminal value is included in the cash flow to represent the value of the entity at the end of the cash flow period. This amount is also discounted to its present value. The DCF approach is usually appropriate when:

- An entity does not have consistent historical earnings but is identified as being of value because of its capacity to generate future earnings; and
- Future cash flow forecasts can be made with a reasonable degree of certainty over a sufficiently long period of time.

Any surplus assets, along with other necessary valuation adjustments, are added to the DCF calculation to calculate the total entity value.

B.2 Capitalisation of Maintainable Earnings ('CME')

The CME approach involves identifying a maintainable earnings stream for an entity and multiplying this earnings stream by an appropriate capitalisation multiple. Any surplus assets, along with other necessary valuation adjustments, are added to the CME calculation to calculate the total entity value.

The maintainable earnings estimate may require normalisation adjustments for non-commercial, abnormal or extraordinary events.

The capitalisation multiple typically reflects issues such as business outlook, investor expectations, prevailing interest rates, quality of management, business risk and any forecast growth not already included in the maintainable earnings calculation. While this approach also relies to some degree on the availability of market data, the multiple is an alternative way of stating the expected return on an asset.

The CME approach is generally most appropriate where an entity has historical earnings and/or a defined forecast or budget. Further, a CME is usually considered appropriate when relevant comparable information is available.

B.3 Asset Based Valuation ('ABV')

Asset based valuations are used to estimate the market value of an entity based on the realisable value of its identifiable net assets. The ABV approach is most appropriate where the assets of an entity can be identified and it is possible, with a reasonable degree of accuracy, to determine the fair value of those identifiable assets.

The ABV approach ignores the possibility that an entity's value could exceed the realisable value of its net assets, however when used in conjunction with other methods which may determine the value of an entity to be greater than the realisable value of its net assets, it is also possible to arrive at a reliable estimate of the value of goodwill.

B.4 Market Based Valuation ('MBV')

Market based valuations relate to the valuation of an entity having regard to the value which securities in the entity have recently been purchased at. This approach is particularly relevant to:

- Entities where the shares are traded on an exchange. The range of share prices observed may constitute the market value of the shares where sufficient volumes of shares are traded and the shares are traded over a sufficiently long period of time; and/or
- Entities where it is possible to observe recent transactions relating to the transfer of relatively large parcels of shares (e.g. recent capital raisings).

For listed entities, the range of share prices observed may constitute the market value of the shares where sufficient volumes of shares are traded and the shares are traded over a sufficiently long period of time. Share market prices usually reflect the prices paid for parcels of shares not offering control to the purchaser.

Appendix C - Control Premium Research

A controlling interest in a company is usually regarded as being more valuable than a minority interest as it provides the owner with:

- control over the operating and financial decisions of the company;
- the right to set the strategic direction of the company;
- control over the buying, selling and use of the company's assets; and
- control over appointment of staff and setting financial policies.

The increase in value for a controlling interest is often observed where an acquirer launches a takeover bid, or some other mechanism for control, for another company. For the purposes of our research on control premiums set out below we have defined a controlling interest to be an interest where the acquirer has acquired a shareholding of greater than 50% in the target company.

To form our view of an appropriate range of control premiums applicable to PRFG and Keybridge, we have considered control premiums implied in merger and acquisition transactions in the Australian lending and diversified financials sectors from 2007 to 2013.

For the purposes of this Report, we have categorised our research into two categories. The two categories are transactions with a deal value below \$100 million and transactions with a deal value above \$100 million. We have also defined a controlling interest to be an interest where the acquirer has acquired a shareholding of greater than 50% in the target company.

This section is set out as follows:

- Section C.1 sets out the lending sector control premium research;
- Section C.2 sets out the diversified financials sector control premium research; and
- Section C.3 sets out a summary of the aggregate results.

C.1 Australian Lending Sector Control Premium Research

In Table C.1 below we have set out the observed control premiums based on an analysis of Bloomberg data on announced transactions from January 2007 to April 2013 within the Australian lending sector.

Table C.1: Australian Lending Sector Control Premium Research

	Deal Value \$0 - \$100m	Deal Value \$100m+	All Transactions
Min	37.0%	15.8%	15.8%
Max	38.1%	43.1%	43.1%
Median	37.6%	23.2%	30.8%
Mean	37.6%	26.0%	29.3%
No. of Transactions	2	5	7

Source: Bloomberg

With reference to Table C.1 above we note that the median observed control premium within the Australian lending sector is approximately 37.6% for deals under \$100 million and 23.2% for deals over \$100 million.

C.2 Diversified Financials sector Control Premium Research

In Table C.2 below we have set out the observed control premiums based on an analysis of Bloomberg data on announced transactions from January 2007 to April 2013 within the Australian diversified financials sector.

Table C.2: Australian Diversified Financials sector Control Premium Research

	Deal Value \$0 - \$100m	Deal Value \$100m+	All Transactions
Min	(25.3%)	(6.1%)	(25.3%)
Max	55.3%	54.5%	55.3%
Median	17.7%	17.5%	17.6%
Mean	19.8%	23.4%	22.3%
No. of Transactions	9	19	28

Source: Bloomberg

With reference to Table C.2 above we note that the median observed control premium within the Australian lending sector is approximately 17.7% for deals under \$100 million and 23.4% for deals over \$100 million.

C.3 Summary of Aggregate Results

In Table C.3 below we have presented the aggregate results for both lending and diversified financials transactions from January 2007 to April 2013.

Table C.3: Australian Lending and Diversified Financials sector Control Premium Research Summary

	Deal Value \$0 - \$100m	Deal Value \$100m+	All Transactions
Min	(25.3%)	(6.1%)	(25.3%)
Max	55.3%	54.5%	55.3%
Median	22.8%	19.8%	22.1%
Mean	23.0%	24.0%	23.7%
No. of Transactions	11	24	35

Source: Bloomberg

With reference to Table C.3 above, the median observed control premium within the Australian lending and diversified financials sector is approximately 22.8% for deals under \$100 million and 19.8% for deals over \$100 million.

For completeness, we note that our findings are consistent with empirical research which suggests that control premiums are typically within the range of 20% to 40%. We also note that recent independent expert's reports related to the financial industry in Australia concluded on control premiums in the range of 10% to 40%.

The range of control premiums observed may be impacted by a range of factors including:

- Specific acquirer premium and/or special value that may be applicable to the acquirer;

- Level of ownership in the target company already held by the acquirer;
- Market speculation about any impending transactions involving the target and/or the sector that the target belongs to;
- The presence of competing bids; and
- General market sentiment and economic factors.

Having regard to the above information, it is our view that it is appropriate to consider control premiums within the range of 20% to 40% for the purposes of assessing the Proposed Transaction within the context of this Report.

Annexure B

Implementation Agreement

**SCHEME IMPLEMENTATION
AGREEMENT**

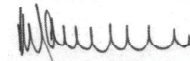
**PR FINANCE GROUP LIMITED
(ABN 46 109 299 390)**

**KEYBRIDGE CAPITAL LIMITED
(ABN 16 088 267 190)**

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SCHEME IMPLEMENTATION AGREEMENT dated 30 MARCH 2013


K. B. Wike

PARTIES

1. **PR FINANCE GROUP LIMITED** (ABN 46 109 299 390) of Suite 10, 10 Cloyne Road, Southport, Queensland 4215 (**PR Finance**)
2. **KEYBRIDGE CAPITAL LIMITED** of Level 26, 259 George Street, Sydney NSW 2000 (**Keybridge**)

INTRODUCTION

- A. Keybridge and PR Finance have agreed to combine by means of a scheme of arrangement under Part 5.1 of the Corporations Act. The Scheme will involve PR Finance and its ordinary shareholders. Pursuant to the Scheme, Keybridge or a member of the Keybridge Group will acquire all of the Scheme Shares.
- B. Keybridge and PR Finance have agreed in good faith to implement the Scheme on the terms set out in this agreement.

The parties agree as set out in the Operative Part of this agreement, in consideration of, among other things, the mutual promises contained in this agreement.

OPERATIVE PART

1. Implementation of the Scheme

PR Finance agrees to propose, and the parties agree to implement, the scheme on the terms set out in this agreement.

2. Conditions

Conditions

- 2.1. The Scheme will not become Effective and the obligations of Keybridge under clause 3.2 will not be binding unless and until each of the conditions in schedule 2 (**Conditions**) are satisfied or are waived in accordance with this clause.

Benefit and waiver

- 2.2. If a Condition is expressed to be for the benefit of a party then it can only be waived with the consent of that party.
- 2.3. If a Condition is expressed to be for the benefit of both parties then it can only be waived with the consent of both parties.

- 2.4. The Conditions not expressed to be for the benefit of any party cannot be waived.
- 2.5. A party entitled to waive a Condition may do so in its absolute discretion.
- 2.6. If a waiver by a party of a Condition is itself conditional and the other party accepts the condition, the terms of that condition apply accordingly. If the other party does not accept a conditional waiver of the Condition, the Condition has not been waived.
- 2.7. If a party waives the breach or non-fulfilment of any of the Conditions, that waiver will not preclude it from suing the other party for any breach of this agreement, including a breach that resulted in the non-fulfilment of the Condition that was waived.
- 2.8. Unless specified in the waiver, a waiver of the breach or non-fulfilment of any Condition will not constitute:
 - 2.8.1. a waiver of breach or non-fulfilment of any other Condition resulting from events or circumstances giving rise to the breach or non-fulfilment of the first Condition; or
 - 2.8.2. a waiver of breach or non-fulfilment of that Condition resulting from any other event or circumstance.

Best endeavours

- 2.9. Without prejudice to the obligations of the parties under clause 4 or any other provision of this agreement, to the extent it is within its power to do so, each of PR Finance and Keybridge must use its best endeavours to procure that:
 - 2.9.1. each of the Conditions for which it is responsible is satisfied as soon as practicable after the date of this agreement, or continues to be satisfied at all times until the last time it is to be satisfied (as the case may require), with a view to the Effective Date for the Scheme occurring on or before the Quit Date; and
 - 2.9.2. there is no event or circumstance within the reasonable control or influence of PR Finance or Keybridge respectively that would prevent the Conditions being satisfied.

Nothing in this clause 2.9 requires any party to agree to any condition or term of any approval or consent that would or could reasonably be expected to adversely impact on the value of the business or asset of PR Finance or PR Finance Shares to that party.

Notification of certain events

- 2.10. Each party must:
 - 2.10.1. keep the other promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;

- 2.10.2. promptly notify the other in writing if it becomes aware that any Condition has been satisfied;
- 2.10.3. promptly notify the other in writing if it becomes aware that any Condition has failed to be satisfied or has become incapable of being satisfied or is not reasonably capable of being satisfied or of any circumstances which may reasonably be expected to lead to such a state of affairs; and
- 2.10.4. after having given or received a notice in accordance with clause 2.10.3 in relation to a Condition that it is entitled under clause 2.2 or 2.3 to waive, give notice to the other party as soon as possible (and in any event no later than five Business Days after having given or received the initial notice or such shorter time to ensure that notice is given before 8.00am on the Second Court Date) as to whether or not it waives the breach or non-fulfilment of the relevant Condition.

Failure to satisfy a Condition

2.11. If:

2.11.1. by 8.00am on the day before the date specified in the Timetable for the Scheme Meeting any Condition is not satisfied or waived (and the non-satisfaction of the Condition which would otherwise occur can be waived);
or

2.11.2. any event, matter or circumstance occurs that prevents or is reasonably likely to prevent a condition from being satisfied or waived,

then the parties will consult:

2.11.3. with a view to determining whether to proceed with an alternative Scheme or a transaction which results in a member of the Keybridge Group acquiring beneficial ownership of substantially all of the assets of or all of the securities in PR Finance; or

2.11.4. with a view to determining whether to agree to extend the date for satisfaction of the relevant Condition or the Quit Date or change the date specified for the Scheme Meeting in the Timetable to a later date and if necessary apply to the Court to adjourn or change the date of an application to the Court to approve the Scheme.

2.12. If any Condition has not been satisfied or waived in accordance with clause 2.2 or 2.3 by the Quit Date or if any event, matter or circumstance occurs that prevents any Condition from being satisfied, either party may give notice to the other terminating this agreement and in that event, the provisions of clause 14 have effect.

2.13. A party may only terminate this agreement pursuant to clause 2.12 if:

2.13.1. the relevant Condition is for the benefit of that party:

2.13.2. that party has complied in all material respects with its obligations under this clause and clause 4; and

2.13.3. if clause 2.11 applies in respect to the relevant Condition, the parties have not agreed to take any of the steps referred to in that clause by the earlier of 8.00am on the Second Court Date and 8.00am on the date that is 15 Business Days after the date that both parties became aware that consultations under that clause were required.

2.14. Termination of this agreement under clause 2.12 does not affect any accrued rights of either party arising from any breach of this agreement prior to termination.

3. Scheme

3.1. Subject to the terms and conditions of this agreement and of the Scheme, PR Finance must propose a scheme of arrangement under Part 5.1 of the Corporations Act between it and the PR Finance Shareholders in the form set out in annexure A or such other form as the parties agree in writing, under which, subject to the terms of the Scheme and the Scheme becoming Effective, all of the Scheme Shares will be transferred to Keybridge or a member of the Keybridge Group and the Scheme Participants will be entitled to receive the Scheme Consideration.

3.2. Subject to the terms of the Scheme, Keybridge covenants in favour of PR Finance (in its own right and separately as trustee or nominee for each of the Scheme Participants), in consideration for the transfer to Keybridge or a member of the Keybridge Group of the Scheme Shares held by a Scheme Participant under the terms of the Scheme, to provide or procure the provision of the Scheme Consideration to each Scheme Participant.

4. Steps for Implementation

Obligations of both parties

4.1. Both parties must do the following:

Regulatory Approvals

4.1.1. Co-operate in relation to all applications to, and discussions with, any relevant Regulatory Authority for the purposes of seeking all Regulatory Approvals required by it or its Related Entities.

4.1.2. Promptly apply for all of the Regulatory Approvals required by it or its Related Entities and provide to the other party a copy of all such applications.

4.1.3. Take all steps for which it is responsible as part of obtaining any Regulatory Approval required by it or its Related Entities, including responding to requests for information at the earliest practicable time and attending meetings with any Regulatory Authority.

- 4.1.4. Provide the other party with all information reasonably requested in connection with the application for any Regulatory Approval required by it or its Related Entities.
- 4.1.5. Provide the other party with copies of all substantive correspondence with any Regulatory Authority in connection with the Regulatory Approvals required by it or its Related Entities.
- 4.1.6. Allow the other party, at its request, to attend meetings and discussions with a Regulatory Authority for the purposes of seeking a Regulatory Approval (provided that the Regulatory Authority expresses no objection to same).
- 4.1.7. Consult with the other party in relation to any proposed extension, renewal, replacement, revocation, amendment or surrender of any Regulatory Approval that is material to the business or operations of PR Finance or any of its Related Entities.

Certificate

- 4.1.8. At the hearing by the Court of the application for the Scheme Order provide to the court a certificate confirming that as at 8.00 am on the Second Court Date, all of the Conditions (other than Condition 7) have been satisfied or waived in accordance with the terms of this Agreement. A draft of such certificate shall be provided by each party to the other party by 5.00 pm on the Business Day prior to the Second Court Date.

Timing

- 4.1.9. Consult with each other regularly in relation to:
 - (a) the schedule for performing their respective obligations within the overall framework set by the Timetable;
 - (b) the need to adjust the timetable.
- 4.1.10. If the parties agree to adjust the Timetable to give them more time to perform their respective obligations, the Quit Date will be extended by the same period of time.

PR Finance's obligations

- 4.2. PR Finance must execute all documents and must do all acts and things within its power as may be necessary or desirable for the implementation and performance of the Scheme on a basis consistent with this agreement, substantially in accordance with the Timetable, and in particular PR Finance must do all things in schedule 4.
- 4.3. PR Finance will be taken to have fulfilled, in a timely manner, its obligations under clause 4.2 if such obligations are completed by the time scheduled for such events as set out in the Timetable, subject to any necessary adjustments

to the timetable which are required as a result of matters which are outside of PR Finance's control.

Keybridge's obligations

- 4.4. Keybridge must execute all documents and must do all acts and things within its power as may be necessary or desirable for the implementation and performance of the Scheme on a basis consistent with this agreement, substantially in accordance with the Timetable, and in particular Keybridge must do all things in schedule 5.
- 4.5. Keybridge will be taken to have fulfilled, in a timely manner, its obligations under clause 4.4 if such obligations are completed by the time scheduled for such events as set out in the Timetable, subject to any necessary adjustments to the timetable which are required as a result of matters which are outside of Keybridge's control.

Appeal process

- 4.6. If the Court refuses to make an order convening the Scheme Meeting for the Scheme or approving the Scheme, at Keybridge's request PR Finance must appeal the Court's decision to the fullest extent possible (except to the extent that the parties agree otherwise, or an independent Senior Counsel practising in New South Wales with experience in Schemes of Arrangements indicates that, in their view, an appeal would have a less than 50% prospect of success before the Quit Date).

5. Responsibility Statement

- 5.1. The Scheme Booklet must contain responsibility statements, in a form to be agreed between the parties, containing words to the effect that:
 - 5.1.1. Keybridge has provided, and is responsible for, the Keybridge Information and that none of PR Finance or its Representatives assumes any responsibility for the accuracy or completeness of the Keybridge Information;
 - 5.1.2. PR Finance has provided, and is responsible for, the PR Finance Information, and that none of Keybridge or its Representatives assumes any responsibility for the accuracy or completeness of the information in the Scheme Booklet other than the Keybridge Information; and
 - 5.1.3. the Independent Expert has provided and is responsible for the Independent Expert's Report, and that none of Keybridge, PR Finance or their respective Representatives assumes any responsibility for the accuracy or completeness of the Independent Expert's Report.

6. Board Changes

- 6.1. On the Implementation Date PR Finance must:

- 6.1.1. subject to receiving consents to appointment as director from the relevant persons, take all actions necessary to cause the appointment to the PR Finance Board of that number of nominees of Keybridge that gives those nominees, acting together, Control of the PR Finance Board; and
- 6.1.2. ensure that, unless otherwise agreed by Keybridge in writing, each member of the PR Finance Board, other than the directors of PR Finance nominated by Keybridge and appointed in accordance with clause 6.1.1, resigns from the PR Finance Board and individually acknowledges that they have no claim against the PR Finance Group in their capacity as a director of PR Finance other than for accrued but unpaid director's fees and expenses as at the date of resignation and amounts of unpaid salary, employee entitlements and contractor payments owing by PR Finance or a subsidiary of PR Finance to Peter Llewellyn or Rod James or companies controlled by those persons to a total not exceeding A\$2,000,000.

7. Recommendation of Scheme

PR Finance Board recommendation

- 7.1. Subject to clause 7.2, PR Finance undertakes to Keybridge to ensure that the PR Finance Board (and each PR Finance director):
 - 7.1.1. will unanimously recommend in the Scheme Booklet that PR Finance Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal;
 - 7.1.2. states that he or she considers the Scheme to be in the best interests of PR Finance Shareholders in the absence of a Superior Proposal;
 - 7.1.3. will give reasons for that recommendation in the Scheme Booklet; and
 - 7.1.4. will not change or withdraw that recommendation and will not make any public statement which would suggest that the Scheme is no longer recommended.

Change to recommendation

- 7.2. The PR Finance Board (and each PR Finance Board director) will not be obliged to make the recommendation and statements referred to in clause 7.1 and will be entitled to change or withdraw that recommendation in those statements once made if:
 - 7.2.1. the Independent Expert's Report (as may be amended or updated from time to time) concludes that the Scheme is not in the best interests of PR Finance Shareholders; or
 - 7.2.2. the PR Finance Board has received a Superior Proposal and Keybridge's rights under clause 10.7 (if any) have been exhausted.

8. Representations and warranties

- 8.1. PR Finance warrants to Keybridge (in its own right and as trustee for the Keybridge indemnified Parties) in terms of each of the warranties set out in schedule 6.
- 8.2. Keybridge warrants to PR Finance (in its own right and as trustee for the PR Finance Indemnified Parties) in terms of each of the warranties set out in schedule 7.
- 8.3. Each warranty in this agreement that is expressed to be given on a particular date is given on that date and each other warranty is given on the date of this agreement and as at 8.00 am on each Business Day thereafter until the Second Court Date.
- 8.4. No warranty in this agreement is limited by any other warranty.
- 8.5. Each warranty in this agreement is also a representation.
- 8.6. Each party enters into this agreement in reliance on the warranties in this agreement.
- 8.7. Each warranty is severable and will survive termination of this agreement.
- 8.8. The warranties are not extinguished or affected by any investigation into the affairs or business of the PR Finance Group.

Notice

- 8.9. If Keybridge or PR Finance becomes aware of a matter or circumstance which results in or is likely to result in any of the warranties given by that party being untrue, inaccurate or misleading, it must give notice to the other specifying that matter or circumstance in reasonable detail as soon as reasonably practicable after it becomes aware of that matter or circumstance. Any failure by Keybridge or PR Finance to give notice does not, for the avoidance of doubt, prevent it from making any claim arising from that matter or circumstance.

9. Indemnities

PR Finance's Indemnity

- 9.1. Without prejudice to any other remedy available to any Keybridge Indemnified Party or the ability of any Keybridge Indemnified Party to claim damages on any other basis that is available to it, PR Finance agrees with Keybridge (in its own right and as trustee for the Keybridge Indemnified Parties) to indemnify and keep indemnified the Keybridge Indemnified Parties from and against, and must pay to Keybridge on demand an amount that is equal to, all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings of whatever nature and however arising

which they may suffer or incur directly or indirectly by reason of or in relation to a breach by PR Finance of any of the representations and warranties in clause 8.1.

- 9.2. Clause 9.1 must be read down to the extent necessary to ensure that there is no breach of section 199A of the Corporations Act.

Keybridge's indemnity

- 9.3. Without prejudice to any other remedy available to any PR Finance Indemnified Party or the ability of any PR Finance Indemnified Party to claim damages on any other basis that is available to it, Keybridge agrees with PR Finance (in its own right and as trustee for the PR Finance Indemnified Parties) to indemnify and keep indemnified PR Finance indemnified Parties from and against and must pay to PR Finance on demand an amount that is equal to all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings of whatever nature and however arising which they may suffer or incur directly or indirectly by reason of or in relation to a breach by Keybridge of any of the representations and warranties in clause 8.2.

- 9.4. Clause 9.3 must be read down to the extent necessary to ensure that there is no breach of section 199A of the Corporations Act.

Survival of indemnities

- 9.4. Each indemnity provided by each party under this clause 9 will:
- 9.4.1. be severable;
 - 9.4.2. be a continuing obligation
 - 9.4.3. constitute a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this agreement; and
 - 9.4.4. survive the termination of this agreement.

10. Exclusivity

- 10.1. During the Exclusivity Period, PR Finance must ensure that (other than in relation to a Superior Proposal made on or prior to the end of the Negotiation Period) neither it nor its Representatives directly or indirectly:

- 10.1.1. solicit, invite, initiate or encourage the submission of, any enquiries, negotiations or discussions; or
- 10.1.2. communicate to any person an intention to do any of the things referred to in clause 10.1.1,

with a view to or which might lead to obtaining any expression of interest, offer or proposal from any other person in relation to or which could reasonably be expected to lead to a Third Party Proposal.

No due diligence

- 10.2. Without limiting clause 10.3, during the Exclusivity Period, PR Finance must not and must ensure that its Representatives do not (other than in relation to a Superior Proposal made on or prior to the end of the Negotiation Period):
- 10.2.1. directly or indirectly solicit, facilitate or encourage any person to undertake any due diligence investigations regarding PR Finance or any of its subsidiaries or any of their operations; or
 - 10.2.2. make available to any person or permit any such person to receive any non-public information relating to any member of the PR Finance Group, in connection with such person formulating, developing or finalising or assisting in the formulation development or finalisation of a Third Party Proposal.

No talk

- 10.3. During the Exclusivity Period, PR Finance must not and must ensure that its Representatives do not (other than in relation to a Superior Proposal made on or prior to end of the Negotiation Period):
- 10.3.1. directly or indirectly enter into, continue, facilitate or participate in any discussions or negotiations with any person regarding or which could reasonably be expected to lead to a Third Party Proposal; or
 - 10.3.2. enter into any agreement, arrangement or understanding in relation to, or which could reasonably be expected to lead to, a Third Party Proposal, even if
 - 10.3.3. the Third Party Proposal was not directly or indirectly initiated, solicited, facilitated or encouraged by PR Finance or any of its Representatives; or
 - 10.3.4. that person has publicly announced its Third Party Proposal.

Notifications of approaches

- 10.4. During the Exclusivity Period, PR Finance must notify Keybridge in writing immediately if it or any of its Representatives:
- 10.4.1. receive any approach, attempted approach, inquiry or proposal (whether or not in writing) from any person or its Representatives (**Rival Bidder**) in connection with or in respect of any exploration of or which may reasonably be expected to lead to a Third Party Proposal; and
 - 10.4.2. provide any confidential material information relating to the PR Finance Group or any of its businesses or operations to any person or a request is made for such information, in connection with a current or future Third Party Proposal,

together with details of the material terms of the proposal and the identity of the bidder to the extent the provision of this information to Keybridge does not constitute a breach of its fiduciary or statutory duties.

PR Finance response to a Third Party Proposal

10.5. During the Exclusivity Period, if any member of the PR Finance Group proposes or is considering entering into or any PR Finance director wishes to approve or publicly recommend entry into any agreement, commitment, arrangement or understanding relating to a Third Party Proposal, PR Finance must ensure that they do not do so:

10.5.1. unless the Third Party Proposal is bona fide and is made in writing; and

10.5.2. until each of the following events has happened:

(a) the PR Finance Board has determined in good faith that:

- (i) the Third Party Proposal is a Superior Proposal;
- (ii) failing to respond to the Third Party Proposal would be likely to constitute a breach of its fiduciary or statutory duties; and

(b) PR Finance has given Keybridge notice in writing of its intention to enter into an agreement, commitment, arrangement or understanding in relation to that Third Party Proposal, subject to Keybridge's rights under clause 10.7, full details of all material terms of the Third Party Proposal (including the identity of the Rival Bidder and details of the proposed consideration, conditions and break fee (if any)), together with any material information concerning PR Finance's operations provided to the Rival Bidder or any person associated with the Third Party Proposal not previously provided to Keybridge to the extent the provision of the relevant information to Keybridge does not, and is not likely to, constitute a breach of the fiduciary or statutory duties of the directors of PR Finance (such directors having first taken advice from PR Finance's legal advisers on the matter) ;

(c) Keybridge's rights under clause 10.7 have been exhausted; and

(d) the PR Finance Board has made the determination contemplated by clause 10.5.2(a) in respect of that Third Party Proposal after Keybridge's rights under clause 10.7 have been exhausted and after evaluation of any Counterproposal.

10.6. Until Keybridge's rights under clause 10.7 (if any) have been exhausted, during the Exclusivity Period the PR Finance Group must not enter into any legally binding agreement with respect to the Third Party Proposal or otherwise progress such Third Party Proposal, including by permitting the Rival Bidder to undertake due diligence investigations on the PR Finance Group.

Keybridge right to last offer

10.7. If PR Finance gives notice to Keybridge under clause 10.5.2(b):

10.7.1. Keybridge will have the right, but not the obligation, at any time during the period of 3 Business Days following receipt of such notice, to offer to amend the terms of the Scheme, propose any other transaction or make an offer to PR Finance (**Counterproposal**);

10.7.2. if Keybridge makes a Counterproposal, PR Finance and the PR Finance Board must consider it in good faith; and

10.7.3. if the PR Finance Board, acting reasonably and after taking legal and financial advice considers that the Counterproposal would provide a benefit to PR Finance Shareholders that is at least equal to that of the Third Party Proposal, then:

(a) if the Counterproposal contemplates an amendment to the Scheme, the parties must use their best endeavours to negotiate in good faith the amendments to the Scheme documentation that are reasonably necessary to reflect the Counterproposal and to enter into one or more appropriate amended agreements to give effect to those amendments and to implement the Counterproposal, in each case as soon as practicable following the determination of the PR Finance Board;

(b) if the Counterproposal contemplates any other transaction, the parties must pursue negotiation of documentation and implementation of the Counterproposal in good faith;

(c) PR Finance must not, and must procure that the PR Finance Board does not, publically state that it intends to recommend, or enter into an agreement, commitment, arrangement or undertaking in relation to that Third Party Proposal; and

(d) PR Finance must use reasonable endeavours to agree to amendments to this agreement that are reasonably necessary to reflect the Counterproposal and to enter into one or more amended agreements to give effect to those amendments and to implement the Counterproposal, in each case as soon as reasonably practicable.

Exceptions

10.8. Despite anything else in this agreement the restrictions in clause 10.2, 10.3 and clause 10.9 (in respect of a resumption of discussions or negotiations only and only insofar as such resumption is otherwise not solicited or initiated by PR Finance in contravention of clause 10.1) do not apply to restrict PR Finance taking any action with regard to a bona fide Third Party Proposal in respect of all the PR Finance Shares or substantially all of PR Finance's businesses or

Subsidiaries (which was not solicited or initiated by PR Finance in contravention of clause 10.1) if the PR Finance Board has determined in good faith, that:

10.8.1. the Third Party Proposal in respect of which those restrictions and notification obligations would otherwise apply is, or may reasonably be expected to lead to, a Superior Proposal; and

10.8.2. such action or inaction (as the case may be) is necessary to discharge the fiduciary or statutory duties of the directors of PR Finance,

after having first taken advice from its legal and financial advisers.

Cease existing discussion

10.9. PR Finance must:

10.9.1. cease and, (subject to clause 10.8 but only insofar as any such resumption is otherwise covered by clause 10.8), not resume any discussions or negotiations (including any Permitted Negotiations) existing as at the Exclusivity Date relating to any Third Party Proposal and which have not resulted in the making of a Superior Proposal or any transaction that is reasonably likely to reduce the likelihood of success of the Scheme (other than any Superior Proposal made on or prior to the end of the Negotiation Period); and

10.9.2. in respect of all non-public information concerning the PR Finance Group that has been provided by PR Finance or its Representatives to any persons (including those listed at schedule 8) in relation to any Third Party Proposal since 1 January 2013 and which have not resulted in the making of a Superior Proposal on or prior to the end of the Negotiation Period, promptly request the person that received the information destroy or return that information to PR Finance as soon as practicable in accordance with the requirements of the confidentiality agreements under which such information was provided.

Standstill arrangements with other parties

10.10. During the Exclusivity Period, except with the prior written consent of Keybridge, PR Finance must not amend or waive the terms of any standstill agreement or arrangement between PR Finance and any other person other than a member of the Keybridge Group.

Equal access to information

10.11. Where PR Finance or a Representative provides material confidential information concerning the PR Finance Group to any person in connection with a current or potential Third Party Proposal during the Exclusivity Period, it must as soon as reasonably practicable provide to Keybridge a complete copy of that information (unless such information is already available, or has been provided, to Keybridge). PR Finance must promptly request that such information is

returned to it or destroyed upon the person confirming that it does not intend to proceed with the Third Party Proposal.

Revisions to a Third Party Proposal

10.12. Any material modification to any Third Party Proposal during the Exclusivity Period will be deemed to make that proposal a new Third Party Proposal in respect of which PR Finance must comply with its obligations under clauses 10.4, 10.5, 10.6, 10.7 in relation to such modified proposal.

11. Other obligations during Implementation Period

Access and information

11.1. During the Implementation Period, PR Finance must, subject to obligations of confidentiality and any legal professional privilege attaching to the information:

11.1.1. procure that Keybridge and its Representatives are given reasonable access at reasonable times and upon reasonable notice to books, records (excluding Sensitive Information) and management of the PR Finance Group for the purposes of:

- (a) implementing the Transaction;
- (b) enabling Keybridge to understand the operation of the PR Finance Group and its financial position, financial performance and prospects including its cash flow and working capital position;
- (c) enabling Keybridge to prepare for the transition of ownership of PR Finance to the Keybridge Group;
- (d) providing information to the Keybridge Group's financiers; and
- (e) any other purpose agreed between Keybridge and PR Finance in writing.

Conduct of Business

11.2. During the Implementation Period, PR Finance must carry on its business in the ordinary and usual course and in substantially the same manner as conducted at the date of this agreement and must use its best endeavours to procure that:

11.2.1. no PR Finance Prescribed Occurrence occurs between the date of this agreement and the Second Court Date;

11.2.2. PR Finance:

- (a) preserves its relationships with all regulatory authorities, customers, suppliers, licensors, licensees, joint ventures and others with whom it has business dealings;

- (b) preserves intact its current business organisation (other than pursuant to a disposal in connection with a Superior Proposal) and maintains its assets in good working order;
- (c) procures that its key employees continue to conduct the business and affairs of PR Finance in the ordinary and usual course;
- (d) does not enter or agree to enter into any unusual or abnormal contract or Commitment (other than pursuant to a Superior Proposal);
- (e) does not permit any of its insurances to lapse or do anything that would make any policy of insurance void or voidable; and
- (f) no Commitments are entered into by any member of the PR Finance Group, the result of which will or could be expected to materially and adversely affect PR Finance or PR Finance financial position, except where Keybridge has given its prior written consent.

12. Break fees

No break fee with Third Party

- 12.1. From the date of this Agreement to the end of the Exclusivity Period, PR Finance must not agree to a break fee payable to any third party.

13. Public Announcements

Announcement of Transaction

- 13.1. As soon as practicable after execution of this Agreement, the parties will issue an announcement in a form and substance acceptable to both of them (acting reasonably).

Public announcements

- 13.2. Subject to clause 13.3, no public announcement or disclosure of the Transaction or any other transaction the subject of this agreement or the Scheme may be made other than in a form approved by each party (acting reasonably), but each party must use all reasonable endeavours to provide such approval as soon as practicable.

Required disclosure

- 13.3. Where a party is required by law or the ASX Listing Rules or the Corporations Act to make any announcement or to make any disclosure in connection with the Transaction or any other transaction the subject of this agreement or the Scheme, it may do so only after it has given at least one Business Day's notice, or such lesser period as may be required or permitted to comply with its legal or regulatory responsibilities, but in any event prior notice, to the other party and has taken all reasonable steps to consult with the other party and its legal

advisers and to take account of all reasonable comments received from the other party.

Statements on termination

- 13.4. The parties must act in good faith and use all reasonable endeavours to issue an agreed statement or statements in respect of any termination of negotiations provided for in this agreement and will make no statements or disclosure in respect of the termination of this agreement except in accordance with clauses 13.2 and 13.3.

14. Termination

Termination rights by either party

- 14.1. This agreement may be terminated with immediate effect by either party before the start of the Court hearing on the Second Court Date by giving written notice to the other if:
- 14.1.1. the Effective Date for the Scheme has not occurred on or before the Quit Date;
 - 14.1.2. the Independent Expert concludes that the Scheme is not in the best interests of PR Finance Shareholders;
 - 14.1.3. the other party is in material breach of its obligations under this agreement at any time before the start of the Court hearing on the Second Court Date (including any material breach of a representation or warranty provided under this agreement) and (if capable of remedy) has failed to remedy the breach within the earlier of:
 - (a) three Business Days of receipt by it of written notice from the first party notifying the other party (or parties) of the breach; and
 - (b) 8.00am on the Second Court Date.
 - 14.1.4. at the Scheme Meeting or any adjournment or postponement of it at which the Scheme is voted on, the Scheme is not approved by the necessary majorities of PR Finance Shareholders, as may be modified by the Court in accordance with section 411 (4) (a) (ii) (A) of the Corporations Act;
 - 14.1.5. any court or Regulatory Authority has issued any order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, or has refused to do anything necessary to permit the Scheme, and the parties fail to agree on conducting on appeal within 5 Business Days;
 - 14.1.6. any of the Conditions are not satisfied, have become incapable of being satisfied or are not reasonably capable of being satisfied, and: either (i) has not been waived by each party or parties who is or are entitled to waive it, before 8.00am on the Second Court Date; or (ii) that party has or

those parties have stated in writing to the other party that it or they (as applicable) will not waive that condition; or

14.1.7. PR Finance enters into a legally binding agreement implementing or agreeing to implement a Superior Proposal.

Termination by Keybridge

14.2. Keybridge may, by notice in writing to PR Finance, terminate this agreement with immediate effect before the start of the Court hearing on the Second Court Date if:

14.2.1. PR Finance is in breach of its obligations under clause 7.1 and/or clause 7.2 and/or has breached any of the warranties it has given in this agreement; or

14.2.2. except in the circumstances set out in clause 7.2, a director of PR Finance by whom or on whose behalf PR Finance Shares are held either (i) does not state in the announcement issued pursuant to clause 13.1 and the Scheme Booklet that he intends to vote in favour of the Scheme; or (ii) having stated in the announcement issued pursuant to clause 13.1 or Scheme Booklet or both that he intends to vote in favour of the Scheme, he changes that statement.

Effect of termination

14.3. If this agreement is terminated by a party under this clause 14:

14.3.1. each party will be released from its obligations under this agreement except its obligations under clauses 8, 9, 13, 15 and 17;

14.3.2. each party will retain the rights it has or may have against the other party in respect of any past breach of this agreement; and

14.3.3. in all other respects, all future obligations of the parties under this agreement will immediately terminate and be of no further force or effect, including without limitation any further obligations in respect of the Scheme.

15. GST

15.1. This clause applies if a party makes a taxable supply (within the meaning of any law imposing GST) in connection with this agreement for consideration unless such consideration is expressly provided to be "GST inclusive".

15.2. Subject to this clause, the consideration payable by a party represents the value of the taxable supply.

15.3. Subject to clause 15.5, the party liable to pay for the taxable supply must also pay, at the same time and in the same manner as the value is otherwise payable, a further amount calculated by multiplying:

- 15.3.1. the amount otherwise payable; by
- 15.3.2. the GST rate for the time being.
- 15.4. If a payment to a party under this agreement is a reimbursement or indemnification, calculated by reference to a loss, cost or expense incurred by that party, then the payment will be reduced by the amount of any input tax credit to which that party is entitled on the acquisition of the supply for which that loss, cost or expense is incurred. The party is assumed to be entitled to full input tax credits unless it demonstrates that its entitlement is otherwise prior to the date on which payment must be made by the other party.
- 15.5. A party's right to payment under this clause is subject to a valid tax invoice being delivered to the party liable to pay for the taxable supply.
- 15.6. If a person is a member of a GST Group references to GST which the person must pay and to input tax credits to which the person is entitled include GST which the representative member of the GST Group must pay and input tax credits to which the representative member is entitled.

16. Consents and approvals

- 16.1. Unless otherwise provided, a party may give or withhold its determination, consent, agreement, authorisation or approval:
 - 16.1.1. in that party's absolute discretion;
 - 16.1.2. with or without conditions and without giving reasons;
 - 16.1.3. when that party chooses.
- 16.2. A party's determination, consent, agreement, authorisation or approval is valid only if it is in writing and signed by that party or its authorised representative.

17. Confidentiality

- 17.1. A party (**using party**) may only use Confidential Information of the other party:
 - 17.1.1. if necessary to perform the using party's obligations under this agreement; or
 - 17.1.2. if the other party consents to the use.
- 17.2. A party (disclosing party) may only disclose Confidential Information of the other party:
 - 17.2.1. to the disclosing party's professional advisers;
 - 17.2.2. if required by law;
 - 17.2.3. if necessary to perform the disclosing party's obligations or exercise the disclosing party's rights under this agreement;
 - 17.2.4. if the other party consents to the disclosure;

17.2.5. if and to the extent the information is publicly available other than by a breach of the disclosing party of this agreement, or any other agreement;
or

17.2.6. if the information is already in the possession of the disclosing party or comes into the possession of the disclosing party other than by breach of this agreement, or any other agreement.

17.3. In this clause 17, the term “Confidential Information” means:

17.3.1. any term of this agreement;

17.3.2. trade secrets, know-how, financial data, accounting information, statistics, research, scientific, technical, product, market or pricing information of a party or relating to a party’s systems, business, employees or contractors;

17.3.3. any other information belonging to a party that is marked “confidential”;

17.3.4. any other information belonging to a party which is of a confidential nature; and

17.3.5. any information not set out in a notice given under clause 10.5.2(b) or clause 31.5.2(b).

18. Assignment

A party may only assign its rights or obligations under this agreement with the written consent of the other party.

19. Amendment

This agreement may only be amended in writing signed by the parties.

20. No waiver

20.1. A party may only waive a breach of this agreement in writing signed by that party or its authorised representative.

20.2. A waiver is limited to the instance referred to in the writing (or, if no instance is referred to in the writing, to past breaches).

21. No merger

The rights and obligations of the parties will not merge on completion of any transaction under this agreement. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction.

22. Further action

22.1. Each party must do all things necessary to carry out this agreement, including:

22.1.1. executing documents; and

22.1.2. ensuring its employees and agents perform their obligations.

- 22.2. A party must not do anything that will prevent this agreement from being carried out.

23. Entire agreement

- 23.1. This document records the entire agreement between the parties about its subject matter.
- 23.2. The parties exclude all terms implied by law, where possible.
- 23.3. Neither party has given any warranty or made any representation to the other party about the subject matter of this agreement, other than those warranties and representations appearing in this document.

24. Contribution

Damages for any breach of this agreement are reduced to the extent that the claimant caused or contributed to the damage.

25. Counterparts

- 25.1. This agreement may be executed in any number of counterparts. A counterpart may be a facsimile (including by any means of electronic production).
- 25.2. Together all counterparts make up one document.
- 25.3. If this agreement is executed in counterparts, it takes effect when each party has received the counterpart executed by each other party, or would be deemed to have received it if a notice.

26. Notice

- 26.1. Notice must be in writing and in English, and may be given by an authorised representative of the sender.
- 26.2. Notice may be given to a person:
 - 26.2.1. personally;
 - 26.2.2. by leaving it at the person's address last notified;
 - 26.2.3. by sending it by pre-paid mail to the person's address last notified;
 - 26.2.4. by sending it by facsimile to the person's facsimile number last notified;
 - 26.2.5. by sending it by electronic mail to the person's email address last notified.
- 26.3. Notice is deemed to be received by a person:
 - 26.3.1. when left at the person's address;
 - 26.3.2. if sent by pre-paid mail, 3 Business Days after posting;

26.3.3. if sent by facsimile, at the time and on the day shown in the sender's transmission report, if it shows that the whole notice was sent to the person's facsimile number last notified;

26.3.4. if sent by electronic mail, on the day after the day the message is showing on the sender's electronic mail system as having been properly transferred or transmitted.

However, if the notice is deemed to be received on a day which is not a Business Day it is deemed to be received on the next Business Day.

26.4. If two or more people comprise a party, notice to one is effective notice to all.

27. Governing law

27.1. This agreement is governed by the law of New South Wales.

27.2. The parties irrevocably submit to the exclusive jurisdiction of the courts of New South Wales and any courts which may hear appeals from those courts in respect of any proceedings in connection with this agreement.

27.3. No party may object to the jurisdiction of any of those courts on the ground that it is an inconvenient forum or that it does not have jurisdiction.

28. Duty

28.1. Keybridge must attend to the stamping of this agreement and any document required by this agreement, within the time permitted by statute;

28.2. Keybridge must pay (within the time permitted by statute) any stamp, transaction or registration duty or similar charge that is imposed by any Regulatory Authority (including any interest, fine, penalty, charge or other amount that is imposed in relation to that duty or charge) in respect of this agreement and any document required by this agreement.

29. Costs

Each party must pay their own costs of preparing this agreement.

30. Specific performance

The parties acknowledge that, for Keybridge, damages will not be an adequate remedy for breaches by PR Finance of its obligations under this agreement and that it would be appropriate for a Court to grant specific performance of those obligations. The parties also acknowledge that, for PR Finance, damages will be an adequate remedy for breaches by Keybridge of its obligations under this agreement, until such time as the Scheme Resolution is passed by the requisite majority of PR Finance Shareholders.

31. Negotiation Period

31.1. During the Negotiation Period, PR Finance must ensure that, other than in respect of a Permitted Negotiation, neither it nor its Representatives directly or indirectly:

- 31.1.1. solicit, invite, initiate or encourage the submission of, any enquiries, negotiations or discussions; or
- 31.1.2. communicate to any person an intention to do any of the things referred to in clause 31.1.1,

with a view to or which might lead to obtaining any expression of interest, offer or proposal from any other person in relation to or which could reasonably be expected to lead to a Third Party Proposal.

No due diligence

- 31.2. Without limiting clause 31.3, during the Negotiation Period, PR Finance must not and must ensure that its Representatives do not (in each case other than in respect of a Permitted Negotiation):
 - 31.2.1. directly or indirectly solicit, facilitate or encourage any person to undertake any due diligence investigations regarding PR Finance or any of its subsidiaries or any of their operations; or
 - 31.2.2. make available to any person or permit any such person to receive any non-public information relating to any member of the PR Finance Group,

in connection with such person formulating, developing or finalising or assisting in the formulation development or finalisation of a Third Party Proposal.

No talk

- 31.3. During the Negotiation Period, PR Finance must not and must ensure that its Representatives do not (other than in respect of a Permitted Negotiation):
 - 31.3.1. directly or indirectly enter into, continue, facilitate or participate in any discussions or negotiations with any person regarding or which could reasonably be expected to lead to a Third Party Proposal; or
 - 31.3.2. enter into any agreement, arrangement or understanding in relation to, or which could reasonably be expected to lead to, a Third Party Proposal,

even if
 - 31.3.3. the Third Party Proposal was not directly or indirectly initiated, solicited, facilitated or encouraged by PR Finance or any of its Representatives; or
 - 31.3.4. that person has publicly announced its Third Party Proposal.
- 31.4. During the Negotiation Period, PR Finance must notify Keybridge in writing immediately if it or any of its Representatives:
 - 31.4.1 receive any approach, attempted approach, inquiry or proposal (whether or not in writing) from any person or its Representatives other than those persons listed at schedule 8 in connection with or in respect of any exploration of or which may reasonably be expected to lead to a Third Party Proposal; and

31.4.2 provide any confidential material information relating to the PR Finance Group or any of its businesses or operations to any person other than those persons listed at schedule 8 or a request is made for such information other than those persons listed at schedule 8, in connection with a current or future Third Party Proposal,

together with details of the material terms of the proposal and the identity of the bidder to the extent the provision of this information to Keybridge does not constitute a breach of its fiduciary or statutory duties.

PR Finance response to a Third Party Proposal

31.5. During the Negotiation Period, if any member of the PR Finance Group proposes or is considering entering into or any PR Finance director wishes to approve or publicly recommend entry into any agreement, commitment, arrangement or understanding relating to a Third Party Proposal (including any Third Party Proposal arising out of a Permitted Negotiation), PR Finance must ensure that they do not do so:

31.5.1 unless the Third Party Proposal is bona fide and made in writing; and

31.5.2 until each of the following events has happened:

(a) the PR Finance Board has determined in good faith that:

(i) the Third Party Proposal is a Superior Proposal;

(ii) failing to respond to the Third Party Proposal would be likely to constitute a breach of its fiduciary or statutory duties;

(b) PR Finance has given Keybridge notice in writing of its intention to enter into an agreement, commitment, arrangement or understanding in relation to that Third Party Proposal, subject to Keybridge's rights under clause 31.7, full details of all material terms of the Third Party Proposal (including the identity of the counterparties and details of the proposed consideration, conditions and break fee (if any)), together with any material information concerning PR Finance's operations provided to the relevant counterparties or any person associated with the Third Party Proposal not previously provided to Keybridge to the extent the provision of the relevant information to Keybridge does not, and is not likely, to constitute a breach of the fiduciary or statutory duties of the directors of PR Finance (such directors having first taken legal advice from PR Finance's legal advisers on the matter);

(c) Keybridge's rights under clause 31.7 have been exhausted; and

(d) the PR Finance Board has made the determination contemplated by clause 31.5.2(a) in respect of that Third Party Proposal after Keybridge's rights under clause 31.7 have been exhausted and after evaluation of any Counterproposal.

- 31.6. Until Keybridge's rights under clause 31.7 have been exhausted, the PR Finance Board must not enter into any legally binding agreement implementing or agreeing to implement the relevant Third Party Proposal.

Keybridge right to last offer

- 31.7. If PR Finance gives notice to Keybridge under clause 31.5.2(b):

31.7.1 Keybridge will have the right, but not the obligation, at any time during the period of 3 Business Days following receipt of such notice, to offer to amend the terms of the Scheme, propose any other transaction or make an offer to PR Finance (**Counterproposal**);

31.7.2 if Keybridge makes a Counterproposal, PR Finance and the PR Finance Board must consider it in good faith; and

31.7.3 if the PR Finance Board, acting reasonably and after taking legal and financial advice considers that the Counterproposal would provide a benefit to PR Finance Shareholders that is at least equal to that of the Third Party Proposal, then:

(a) if the Counterproposal contemplates an amendment to the Scheme, the parties must use their best endeavours to negotiate in good faith the amendments to the Scheme documentation that are reasonably necessary to reflect the Counterproposal and to enter into one or more appropriate amended agreements to give effect to those amendments and to implement the Counterproposal, in each case as soon as practicable following the determination of the PR Finance Board;

(b) if the Counterproposal contemplates any other transaction, the parties must pursue negotiation of documentation and implementation of the Counterproposal in good faith;

(c) PR Finance must not, and must procure that the PR Finance Board does not, publicly state that it intends to recommend, or enter into an agreement, commitment, arrangement or undertaking in relation to that Third Party Proposal; and

(d) PR Finance must use reasonable endeavours to agree to amendments to this agreement that are reasonably necessary to reflect the Counterproposal and to enter into one or more amended agreements to give effect to those amendments and to implement the Counterproposal, in each case as soon as reasonably practicable.

- 31.8. Despite anything else in this agreement the restrictions in clause 31.2, and 31.3 do not apply to restrict PR Finance taking any action with regard to a bona fide Third Party Proposal in respect of all the PR Finance Shares or substantially all of PR Finance's businesses or Subsidiaries (which was not solicited or initiated by PR Finance in contravention of clause 31.1) if the PR Finance Board has determined in good faith, that:

31.8.1. the Third Party Proposal in respect of which those restrictions and notification obligations would otherwise apply is, or may reasonably be expected to lead to, a Superior Proposal; and

31.8.2. such action or inaction (as the case may be) is necessary to discharge the fiduciary or statutory duties of the directors of PR Finance,

after having first taken advice from its legal and financial advisers.

Cease existing discussion

31.9. PR Finance must:

31.9.1. cease any discussions or negotiations existing as at the date of this agreement relating to any Third Party Proposal (other than the Permitted Negotiations) or any transaction that is reasonably likely to reduce the likelihood of success of the Scheme (other than any transaction being discussed as part of the Permitted Negotiations); and

31.9.2. in respect of all non-public information concerning the PR Finance Group that has been provided by PR Finance or its Representatives to any persons in relation to any Third Party Proposal (other than pursuant to the Permitted Negotiations) since 1 January 2013, promptly request the person that received the information destroy or return that information to PR Finance as soon as practicable in accordance with the requirements of the confidentiality agreements under which such information was provided.

Standstill arrangements with other parties

31.10. During the Negotiation Period, except with the prior written consent of Keybridge, PR Finance must not amend or waive the terms of any standstill agreement or arrangement between PR Finance and any other person other than a member of the Keybridge Group, unless the standstill agreement is with one of the parties listed at schedule 8.

Equal access to information

31.11. Where PR Finance or a Representative provides material confidential information concerning the PR Finance Group to any person in connection with a current or potential Third Party Proposal (other than to those persons listed at schedule 8), it must as soon as reasonably practicable provide to Keybridge a complete copy of that information (unless such information is already available, or has been provided, to Keybridge). PR Finance must promptly request that such information is returned to it or destroyed upon the person confirming that it does not intend to proceed with the Third Party Proposal.

Revisions to a Third Party Proposal

31.12 Any material modification to a Third Party Proposal will be deemed to make that proposal a new Third Party Proposal in respect of which PR Finance must comply

with its obligations under clauses 31.4, 31.5, 31.6, 31.7 in relation to such modified proposal.

32. Interpretation

In this agreement, unless the context otherwise requires:

- 32.1. the Introduction is correct;
- 32.2. headings do not affect interpretation;
- 32.3. singular includes plural and plural includes singular;
- 32.4. words of one gender include any gender;
- 32.5. a reference to time is a reference to Sydney, Australia time;
- 32.6. a reference to “dollars”, “\$A”, “A\$” or “\$” is a reference to Australian currency;
- 32.7. a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- 32.8. a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this agreement, and a reference to this agreement includes any schedule or annexure;
- 32.9. reference to a person includes a corporation, body corporate, joint venture, association, government body, firm and any other entity;
- 32.10. a reference to a party is to a party to this agreement, and a reference to a party to an agreement includes the party’s executors, administrators, successors and permitted assigns and substitutes;
- 32.11. reference to two or more people means each of them individually and all of them jointly;
- 32.12. if a party comprises two or more people:
 - 32.12.1. a promise by that party binds each of them individually and all of them jointly;
 - 32.12.2. a right given to that party is given to each of them individually;
 - 32.12.3. a representation, warranty or undertaking by that party is made by each of them individually;
- 32.13. a provision must not be construed against a party only because that party prepared it;
- 32.14. a provision must be read down to the extent necessary to be valid. If it cannot be read down to that extent, it must be severed;

- 32.15. the meaning of general words or provisions shall not be limited by references to specific matters that follow them (for example, introduced by words such as “including” or “in particular”) or precede them or are included elsewhere in this agreement;
- 32.16. if a thing is to be done on a day which is not a Business Day, it must be done on the next Business Day;
- 32.17. another grammatical form of a defined expression has a corresponding meaning;
- 32.18. an expression defined in the Corporations Act has the meaning given by that Act at the date of this agreement.

Schedule 1 – Definitions

In this agreement, including the Introduction, unless the context otherwise requires, the following definitions apply:

Term	Meaning
Advisers	means, in relation to an entity, its legal, financial and other expert advisers and agents.
ASIC	means the Australian Securities and Investments Commission.
Associates	in relation to any person, has the meaning given in section 9 of the Corporations Act.
ASX	ASX means ASX Limited or the securities exchange it operates, as the context requires.
ASX Listing Rules	means the official listing rules of ASX.
Business Day	means a day that is not a Saturday, Sunday or public holiday in New South Wales.
CBA	means Commonwealth Bank of Australia.
CBA Facilities	means the facilities provided by CBA to PR Finance pursuant to the terms of [a letter of offer dated 18 November 2011].
Change in Law	means the introduction into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia of any law, or the making of any new regulation under any law, or the adoption by any Regulatory Authority of any policy, or the announcement by or on behalf of any Government of the Commonwealth of Australia or of any State or Territory of Australia or any Regulatory Authority that such a law or regulation will be introduced or such a policy adopted (as the case may be).
Commitment	means any contract, agreement, undertaking, deed and legally enforceable arrangement whether in writing or not.
Conditions	means the Conditions set out in schedule 2.
Control	has the meaning given to that term in the Corporations Act.
Controlled Entity	means in respect of an entity another entity controlled by it for the purposes of section 50AA of the Corporations Act.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Counterproposal	has the meaning given in clause 10.7.1.
Court	means the Federal Court sitting in New South Wales or any other court of competent jurisdiction under the Corporations Act agreed in writing by PR Finance and Keybridge.
Deed Poll	means a deed in the form of annexure B or in such other form agreed by the parties in writing under which Keybridge covenants in favour of the Scheme Participants to perform its obligations under clause 3.2 or procure that those obligations are performed.
Effective	means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made for the purposes of section 411(4)(b) in relation to the Scheme.
Effective Date	means, in relation to the Scheme, the date on which the Scheme becomes Effective.
Excluded Share	means a PR Finance Share held by Keybridge or by any person on behalf of or for the benefit of Keybridge.
Exclusivity Period	means the period from and including 11 May 2013 to and including the earlier of (i) the date this agreement is terminated in accordance with its terms and (ii) the Implementation Date.

Term	Meaning
First Court Hearing Date	means the first day of the hearing by the Court on the application by PR Finance for orders under section 411(1) of the Corporations Act to convene the meeting of PR Finance shareholders to consider the Scheme or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.
GST	has the same meaning as it does in the GST Act.
GST Act	means the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth) and associated legislation and regulations.
GST Group	has the same meaning as is given to that term in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Head Count Test	means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the Scheme Resolution is passed at the Scheme Meeting by majority in number of PR Finance Shareholders present and voting, either in person or by proxy.
Implementation Date	means, in relation to the Scheme, the fifth Business Day after the Record Date.
Implementation Period	means the period from and including the date of this agreement to and including the earlier of (i) the date this agreement is terminated and (ii) the Implementation Date.
Independent Expert	means an expert appointed by PR Finance to prepare the Independent Expert's Report.
Independent Expert's Report	means the Independent Expert's Report prepared in relation to the Scheme.
Initial Scheme Consideration	means the Initial Cash Scheme Consideration and the Initial Keybridge Shares (as those terms are defined in the Scheme).
Keybridge Board	means the board of directors of Keybridge.
Keybridge Due Diligence Information	means all of the non public information in relation to Keybridge provided by Keybridge and its Representatives to PR Finance and its Representatives.
Keybridge Facility	means the facility provided by Keybridge and others to PR Finance pursuant to a syndicated facility agreement dated 29 June 2007 (as amended).
Keybridge Group	means Keybridge and its Controlled Entities.
Keybridge Indemnified Parties	means Keybridge and its Representatives.
Keybridge Information	means such information regarding Keybridge and its Related Entities provided by or on behalf of Keybridge to PR Finance or the Independent Expert to enable the Scheme Booklet to be prepared and completed, and applications for the Regulatory Approvals to be made.
Negotiation Period	means the period from and including the date of this agreement to and including the earlier of (i) the date this agreement is terminated in accordance with its terms and (ii) 10 May 2013.
Officer	in relation to an entity, means its directors and senior executives.
Permitted Negotiation	means a negotiation with a view to obtaining a Superior Proposal between PR Finance on the one hand and one or more of the entities listed at schedule 8 on the other hand.
PR Finance Board	means the board of directors of PR Finance.
PR Finance Due Diligence Information	means all of the non public information in relation to the PR Finance Group provided by PR Finance and its Representatives to Keybridge and its Representatives.
PR Finance Group	means PR Finance and its Related Entities.

Term	Meaning
PR Finance Indemnified Parties	means PR Finance and its Representatives.
PR Finance Information	means all information contained in the Scheme Booklet and all information provided by or on behalf of PR Finance to the Independent Expert to enable the Independent Expert's Report included in or accompanying the Scheme Booklet to be prepared and completed, but does not include the Keybridge Information and the Independent Expert's Report included in or accompanying the Scheme Booklet.
PR Finance Material Adverse Change	<p>means a matter, event or circumstance, including:</p> <ul style="list-style-type: none"> (a) Change in Law or proposed or foreshadowed Change in Law; and (b) an adverse impact on the ability or potential ability of PR Finance to pursue its business interests, <p>where that matter, event or circumstance has, has had, or will have, individually or when aggregated with all such matters, events or circumstances a material adverse affect on the business, assets, liabilities, financial or trading position, profitability or prospects of the PR Finance Group taken as a whole or the ability of PR Finance to operate and conduct its business as proposed or contemplated.</p>
PR Finance Prescribed Occurrence	<p>means the occurrence of any of the following without the prior written consent of Keybridge:</p> <ul style="list-style-type: none"> • PR Finance converting all or any of its shares into a larger or smaller number of shares; • PR Finance or any Related Entity of PR Finance which is not a wholly owned subsidiary of PR Finance resolving to or reducing its share capital in any way; • PR Finance redeems, repurchases or reclassifies any of the PR Finance Shares; • PR Finance resolving to or buying back any of its ordinary shares, including by: entering into a buy-back agreement; or resolving to approve the terms of a buy-back agreement under the Corporations Act; • PR Finance making an allotment or issue of, or granting an option to subscribe for, any ordinary shares or securities or financial products convertible at the option of the holder into, or having the economic characteristics of, ordinary shares, or agreeing to make such an allotment or issue or to grant such an option; • PR Finance or any Related Entity of PR Finance disposes or agrees to dispose, of the whole, or a substantial part, of its business or property (other than trading inventories and consumables in the ordinary and usual course of business and other than a disposal pursuant to a Superior Proposal resulting from a Permitted Negotiation); • PR Finance or any Related Entity of PR Finance creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property;

Term	Meaning
	<ul style="list-style-type: none"> • PR Finance resolving that it be wound up; • a liquidator, provisional liquidator or administrator of PR Finance being appointed; • the making of an application to or order by a court for the winding up of PR Finance; • PR Finance executing a deed of company arrangement; • a receiver, or a receiver and manager, in relation to the whole, or a part, of the property of PR Finance being appointed; • PR Finance pays or distributes any dividend, bonus or other share of its profits or assets or returns any capital to its members; • PR Finance amends or proposes to amend its constitution; • PR Finance ceases to carry on business or is deregistered under the Corporations Act; • PR Finance releases, discharges or modifies any obligation owed to it in excess of \$10,000,000 from any person firm or body corporate or agrees to do so (other than a release, discharge or modification pursuant to a Superior Proposal resulting from a Permitted Negotiation); • any member of the PR Finance Group agrees or announces an intention to take out any of the actions referred to in the foregoing paragraphs or offers to do so (other than an agreement, announcement or offer pursuant to a Superior Proposal resulting from a Permitted Negotiation).
PR Finance Share	means a fully paid ordinary share in the capital of PR Finance.
PR Finance Share Register	means the register of members of PR Finance maintained in accordance with the Corporations Act.
PR Finance Shareholder	means each person registered in the PR Finance Share Register as the holder of PR Finance Shares.
Quit Date	means 30 June 2013 or such later date as Keybridge and PR Finance may agree in writing.
Record Date	means, in relation to the Scheme, 5.00 pm (Sydney time) on the fifth Business Day after the Effective Date or such other date as Keybridge and PR Finance agree in writing.
Regulatory Approval	<p>means:</p> <ul style="list-style-type: none"> • any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by, or with, a Regulatory Authority; or • in relation to anything that would be fully or partly prohibited or restricted by law if a Regulatory Authority intervened or acted in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.
Regulatory Authority	means a government or a governmental, semi-governmental or judicial entity or authority or any Minister, department, office or delegate of any government. It includes a self-regulatory

Term	Meaning
	organisation established under statute or a stock exchange, and ASIC.
Related Entity	means, in relation to an entity, any entity which is related to that entity within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any accounting standard in force under section 334 of the Corporations Act) that is Controlled by that entity.
Relevant Interest	has the meaning given in section 9 of the Corporations Act.
Representative	means, in relation to a party: <ul style="list-style-type: none"> • each of the party's Related Entities; and • each of the Officers, employees and Advisers of the party or of any of its Related Entities.
RG 142	means Regulatory Guide 142 issued by ASIC on 4 August 1999, as amended, substituted or replaced from time to time.
RG 60	means Regulatory Guide 60 issued by ASIC on 4 August 1999, as amended, substituted or replaced from time to time.
Rival Bidder	has the meaning given in clause 10.4.
Scheme	means the proposed scheme of arrangement between PR Finance and PR Finance Shareholders, as described in clause 4.1, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by each party.
Scheme Booklet	means the information to be dispatched to PR Finance Shareholders and approved by the Court, including the Scheme, explanatory statements in relation to the Scheme issued pursuant to section 412 of the Corporations Act and registered with ASIC, the Independent Expert's Report, summaries of each of this agreement and the Deed Poll and notices convening the Scheme Meeting (together with proxy forms).
Scheme Consideration	has the meaning given to that term in the Scheme.
Scheme Meeting	means the meeting to be ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme.
Scheme Order	means the order of the Court made for the purposes of section 411(4)(b) of the Corporations Act in relation to the Scheme.
Scheme Participant	means each person recorded in the PR Finance Share Register as the holder of Scheme Shares as at the Record Date.
Scheme Resolution	means the resolution to be put to PR Finance Shareholders at the Scheme Meeting to approve the Scheme.
Scheme Shares	means the PR Finance Shares on issue at the Record Date other than the Excluded Shares.
Second Court Date	means the first day on which an application made to the Court for an order approving the Scheme pursuant to section 411(4)(b) of the Corporations Act is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.
Sensitive Information	means any information that in the reasonable opinion of a party relates to competitive sensitivity or which, if disclosed, might result in a Superior Proposal resulting from a Permitted Negotiation not being made..
Share Splitting	means the splitting by a holder of PR Finance Shares into two or more parcels of PR Finance Shares whether or not it results in

Term	Meaning
	any change in beneficial ownership of the PR Finance Shares.
Subsidiary	means, in relation to a body corporate, any body corporate which is a subsidiary of the first mentioned body corporate within the meaning of section 46 of the Corporations Act 2001 (Cth).
Superior Proposal	<p>means a written bona fide Third Party Proposal which the PR Finance Board acting in good faith, in order to satisfy what it considers to be its fiduciary and statutory duties determines is:</p> <ul style="list-style-type: none"> (a) reasonably capable of being valued and completed on a timely basis, is not subject to any further board, credit or investment committee approvals, and is subject only to normal commercial conditions as to its completion, taking into account all aspects of the Third Party Proposal; (b) more favourable to PR Finance Shareholders than the Scheme, taking into account all terms and conditions of the Third Party Proposal; and (c) one which will result in the Keybridge Facility being repaid in full. <p>after having taken advice from its legal and financial advisers.</p>
Third Party Proposal	<p>means any expression of interest, offer or proposal by a third party in respect of a transaction which, if completed, would mean a person would, directly or indirectly and whether alone or together with one or more associates;</p> <ul style="list-style-type: none"> • acquire all or a significant portion of the assets or business of PR Finance or the PR Finance Group; and/or • acquire a Relevant Interest or a legal or equitable interest in 10% or more of PR Finance share capital or of the share capital of any of its Subsidiaries (including by way of issue of new PR Finance shares) or enter into any cash settled equity swap or other derivative contract arrangement in respect of 10% or more of PR Finance Shares; and/or • acquire Control of PR Finance; and/or • a takeover bid, scheme of arrangement, amalgamation, merger, capital reconstruction, consolidation, purchase of main undertaking or other business combination involving PR Finance and/or its Related Entities, <p>in all cases, other than the Transaction.</p>
Timetable	means the timetable set out in schedule 3 or such other timetable as may be agreed in writing by the parties.
Transaction	means the acquisition by Keybridge of all of the Scheme Shares through the implementation of the Scheme as contemplated in this agreement.

Schedule 2 – Conditions

	Condition	Benefit
1.	<p>No prohibitions for Scheme</p> <p>No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition being in effect at 8.00 am on the Second Court Date which prevents the consummation of any aspect of the Scheme.</p>	PR Finance and Keybridge
2.	<p>No transaction involving PR Finance</p> <p>(i) As at the date of this agreement, PR Finance has not entered into any agreement, arrangement or understanding with a third party in relation to a Third Party Proposal other than with those parties listed at schedule 8.</p> <p>(ii) As at the commencement of the Exclusivity Period, PR Finance has not entered into any agreement, arrangement or understanding with a third party in relation to a Third Party proposal which remains in force, other than in relation to a Superior Proposal which has been made on or prior to the end of the Negotiation Period.</p> <p>(iii) As at 8.00am on the Second Court Date, PR Finance has not entered into any agreement, arrangement or understanding with a third party in relation to a Third Party Proposal which remains in force.</p>	Keybridge
3.	<p>No PR Finance Prescribed Occurrence</p> <p>No PR Finance Prescribed Occurrence occurs between the date of this agreement and 8.00am on the Second Court Date.</p>	Keybridge
4.	<p>No PR Finance Material Adverse Change</p> <p>No PR Finance Material Adverse Change occurs between the date of this agreement and 8.00am on the Second Court Date.</p>	Keybridge
5.	<p>Independent Expert's Report</p> <p>The Independent Expert issues its report which concludes that the Scheme is in the best interests of PR Finance Shareholders before the date on which the Scheme Booklet is registered by ASIC under the Corporations Act.</p>	PR Finance and Keybridge
6.	<p>PR Finance Shareholder approval of Scheme</p> <p>PR Finance Shareholders approve the Scheme at the Scheme Meeting (or any adjournment or postponement thereof) by the necessary majorities as may be modified by the Court in accordance with section 411(4)(a)(ii)(A) of the Corporations Act.</p>	
7.	<p>Court approval of Scheme</p> <p>The Court approving the Scheme under section 411(4)(b) of the Corporations Act and an office copy of the court orders approving the scheme is lodged with ASIC as contemplated by section 411(10) of the Corporations Act.</p>	
8.	<p>Approvals and Consents</p>	PR Finance

	Before 8.00am on the Second Court Date, ASIC gives all approvals and consents, and takes such other steps, as are necessary or desirable to implement the Scheme.	and Keybridge
9.	<p>Representations and Warranties</p> <p>The representations and warranties given by PR Finance in clause 8.1 are true and correct in all material respects as at the date of this agreement and, unless otherwise expressly stated, also as at 8.00am on each Business Day thereafter until the Second Court Date, and no material breach of the warranties given by PR Finance in clause 8.1 occurs between the date of this agreement and 8.00am on the Second Court Date.</p>	Keybridge
10.	<p>Extension of CBA Facilities</p> <p>Before 8.00am on the Second Court Date, CBA and PR Finance extend the maturity date of the CBA Facilities on terms acceptable to Keybridge.</p>	Keybridge
11.	<p>Extension of Keybridge Facility</p> <p>(i) On or before 7 April 2013 PR Finance (and its Related Entities) and MB Finance Pty Limited execute the deed of amendment to the Keybridge Facility in the form of Annexure C.</p> <p>(ii) On or before the First Court Hearing Date, CBA has consented to the entry into of the deed of amendment to the Keybridge Facility in the form of Annexure C by the parties thereto on terms acceptable to Keybridge and PR Finance.</p>	Keybridge and PR Finance
12.	<p>CBA Approval of Scheme</p> <p>Before 8.00am on the Second Court Date, CBA consents to the Scheme on terms acceptable to PR Finance and Keybridge.</p>	PR Finance and Keybridge
13.	<p>Amendment of Deloitte engagement terms</p> <p>Before 8.00am on the Second Court Date, the amendment of the engagement terms between PR Finance and Deloitte in terms satisfactory to Keybridge.</p>	Keybridge
14.	<p>Extinguishment of Directors' Liability</p> <p>Before 8.00am on the Second Court Date, PR Finance procures, in a manner and on terms satisfactory to Keybridge, the extinguishment of that amount of the liability owed to certain PR Finance directors in respect of their contractual entitlement to amounts over and above their capped salary required so that the amount of that liability when aggregated with the other entitlements referred to in clause 6.1.2 does not exceed A\$2,000,000 .</p>	Keybridge
15.	<p>Amendment of Directors' Contracts</p>	Keybridge

	<p>Before 8.00am on the Second Court Date, PR Finance procures amendments to the independent contractor contracts of the respective contracting entities of Peter Llewellyn and Rod James on terms satisfactory to Keybridge that in each case:</p> <ul style="list-style-type: none"> • provide for an annual contractor fee of A\$400,000 payable weekly on a pro-rata basis; • allows either party to the contract to terminate without cause by providing three month's written notice to the other party; • provides for six weeks paid leave to the contractor; • provides a corporate credit card to the contractor with a \$5,000 limit to be used for business expenses including reasonable motor vehicle running costs and reasonable mobile phone costs; • acknowledges the continued use of a lap top computer, iPad and iPhone by the contractor with such property to be transferred without charge to the contractor on termination of the agreement.. 	
16.	<p>Formalisation of Loan Agreements</p> <p>Before 8.00am on the Second Court Date, PR Finance procures the execution by all relevant parties of loan agreements between PR Finance and each of Rod James (and his related independent contractor entity) and Peter Llewellyn (and his related independent contractor entity) (Lending Directors), on terms satisfactory to Keybridge and in each case containing the commercial terms set out below.</p> <p>(a) Principal of \$1million payable as follows:</p> <ul style="list-style-type: none"> ○ \$625,000 payable in monthly instalments on a pro-rata basis subject to CBA consent and subject to such payment not causing PR Finance to become insolvent, provided that in any event the unpaid balance of such amount will be unconditionally payable on the date which is 12 months after the Implementation Date; and ○ subject to (b), \$375,000 (Residual Amount Owing) payable out of amounts received from the Australian Tax Office as a result of amendments to GST returns in respect of the period prior to 31 December 2012 (Qualifying Refunds) and payable in instalments (or one instalment if applicable) equal to 50% of any Qualifying Refunds received by PR Finance within five Business Days of receipt of a Qualifying Refund (or five Business Days after the Implementation Date if the Qualifying Refund is received by PR Finance prior to the Implementation Date). <p>(b) If, notwithstanding compliance by PR Finance with the payment requirements set out above, the Residual Amount Owing has not been fully repaid by the date which is 12 months after the Implementation Date and there is no reasonable prospect of any further Qualifying Refunds being received, the Lending Directors agree to the extinguishment of the unpaid balance of the Residual Amount Owing.</p>	Keybridge

Schedule 3 – Timetable

Date	Event	Comment
1 April 2013	Execution of this agreement	
1 April 2013	Commence drafting of Scheme Booklet. Appoint Independent Expert.	
7 April 2013	Execution of deed of amendment in the form of annexure C	
22 April 2013	Finalise draft Scheme Booklet (including Independent Expert's Report). Lodge draft Scheme Booklet (including Independent Expert's Report) to ASIC for review and comment and provide notice of first court date to ASIC.	Needs to be 14 days before first Court hearing (CA section 411(2)).
6 May 2013	Receipt of ASIC comments (if any).	
By 8 May 2013	Lodge final draft of Scheme Booklet with ASIC and get ASIC confirmation that it will not object to the Scheme meeting being held.	Before First Court Hearing Date.
9 May 2013	Provision of draft Scheme Booklet (including Independent Expert's Report) to the Court for review in advance of the first Court hearing.	
13 May 2013	First Court Hearing Date. Scheme Booklet is amended to incorporate any Court required changes and printing of the Scheme Booklet occurs.	CA section 411(1).
15 May 2013	Scheme Booklet is registered with ASIC and despatched to PR Finance Shareholders.	CA section 412(6).
6 June 2013	Advertise Second Court Date.	Five days notice needs to be

		given.
13 June 2013	PR Finance Shareholders' meeting to approve Scheme. (Note 28 days required) Provision of evidence to the Court ahead of Second Court Date.	
14 June 2013	Final Court hearing to approve Scheme. Lodge copies of Court orders approving the Scheme with ASIC. This is the Effective Date.	
21 June 2013	Record Date to determine PR Finance Shareholders that are entitled to receive the Scheme Consideration.	Five Business Days after the Second Court Date.
28 June 2013	Implementation Date.	Five Business Days after the Record Date.

Schedule 4 – PR Finance’s steps for implementation

	Step
1.	<p>Recommendation of the Scheme</p> <p>Recommend to holders of PR Finance Shares that the Scheme is in the best interests of PR Finance and PR Finance Shareholders and that PR Finance Shareholders vote in favour of all resolutions to be proposed at the Scheme Meeting or approve the Scheme (subject to the Independent Expert concluding that the Scheme is in the best interests of PR Finance Shareholders and no Superior Proposal being made).</p>
2.	<p>Scheme Booklet</p> <p>As soon as practicable after the date of this agreement , prepare the Scheme Booklet in compliance with all applicable laws, and in particular the Corporations Act, RG 60, and RG 142 which must contain</p> <p style="padding-left: 40px;">a prominent statement that the PR Finance Board unanimously recommends that PR Finance Shareholders vote in favour of the Scheme in the absence of a Superior Proposal.</p> <p>and provide drafts of the Scheme Booklet at regular intervals to Keybridge for its review and comment, and consider in good faith the reasonable comments of Keybridge and its Representatives when preparing revised drafts of those documents.</p>
3.	<p>Independent Expert</p> <p>Promptly appoint the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert’s Report for inclusion in the Scheme Booklet.</p>
4.	<p>Approval of draft for ASIC</p> <p>As soon as practicable after the preparation of an advanced draft of the Scheme Booklet suitable for review by ASIC:</p> <ul style="list-style-type: none"> • provide that draft to Keybridge; and • procure that a meeting of the PR Finance Board is convened to approve that draft as being in a form appropriate for provision to ASIC for review.
5.	<p>Liaison with ASIC</p> <p>As soon as practicable after the resolution referred to in step 6 of this schedule is passed, provide an advanced draft of the Scheme Booklet, in a form acceptable to PR Finance and Keybridge to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act, and:</p> <ul style="list-style-type: none"> • liaise with ASIC during the period of its consideration of that draft of the Scheme Booklet; • provide Keybridge with copies of all correspondence between ASIC and PR Finance in relation to the Scheme Booklet; • keep Keybridge informed of any matters raised by ASIC in relation to the Scheme Booklet, and use its best endeavours, in co-operation with

	<p>Keybridge, to resolve any such matters; and</p> <ul style="list-style-type: none"> at Keybridge's request, allow Keybridge to attend meetings and discussions with ASIC (provided that ASIC express no objection).
6.	<p>Approval of Scheme Booklet</p> <p>As soon as practicable at the conclusion of the review by ASIC of the Scheme Booklet, procure that a meeting of the PR Finance Board is convened to approve the Scheme Booklet in the form approved by ASIC and also to approve an application to the Court for an order that the Scheme Meeting be convened and, subject to approval by the Court, for the Scheme Booklet to be dispatched to PR Finance Shareholders.</p>
7.	<p>Section 411(17)(b) statements</p> <p>Apply to ASIC for the production of a statement in writing pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme.</p>
8.	<p>Scheme Meeting</p> <p>Promptly after, and provided that, the approvals in step 7 of this schedule and step 6 of schedule 5 have been received:</p> <ul style="list-style-type: none"> apply to the Court for an order under section 411(1) of the Corporations Act directing PR Finance to convene the Scheme Meeting; and take all steps necessary to comply with the order of the Court including, as required, dispatching the Scheme Booklet to the PR Finance Shareholders and holding the Scheme Meeting.
9.	<p>Court documents</p> <p>Consult with Keybridge in relation to the content of the documents required for the purpose of each of the Court hearings held for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and consider in good faith, for the purpose of amending drafts of those documents, comments from Keybridge and its Representatives on those documents.</p>
10.	<p>Registration of explanatory statements</p> <p>Request ASIC to register the explanatory statements included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act.</p>
11.	<p>Deficient Information</p> <p>Advise Keybridge if at any time before the Second Court Date, PR Finance becomes aware either:</p> <ul style="list-style-type: none"> of new information which, were it known at the time the Scheme Booklet was prepared should have been included in the Scheme Booklet; or that any part of the PR Finance information in the Scheme Booklet is misleading or deceptive in any material respect (whether by omission or otherwise), <p>and, if either party considers that supplementary disclosure is required, provide supplementary disclosure to PR Finance Shareholders.</p>
12.	<p>Registry Information</p>

	<p>Comply with any reasonable request by Keybridge to give directions in accordance with Part 6C.2 of the Corporations Act and procure that the PR Finance Share Registry provides to Keybridge, in the form reasonably requested by Keybridge, all information about the Scheme and PR Finance Shareholders (including the results of directions given by PR Finance under part 6C.2 of the Corporations Act) which Keybridge reasonably requires in order to:</p> <ul style="list-style-type: none"> • canvas approval of the Scheme by PR Finance Shareholders; or • facilitate the provision of the Scheme Consideration including details of the Register on the Record Date, <p>other than information that PR Finance's share registry is prohibited from providing by law or regulation.</p>
13.	<p>Head Count Test</p> <p>If the Scheme Resolution is not passed by reason only of the non-satisfaction of the Head Count Test and either party considers, acting reasonably, that Share Splitting or some abusive or improper conduct may have caused or contributed to the Head Count Test not having been satisfied, apply for an order of the Court contemplated by section 411(4)(a)(ii)(A) of the Corporations Act to disregard the Head Count Test.</p>
14.	<p>Approval and implementation of Scheme</p> <p>If the resolution submitted to the Scheme Meeting is passed by the necessary majorities (as may be modified by the Court in accordance with section 411(4)(a)(ii)(A) of the Corporations Act), promptly apply (and, to the extent necessary, re-apply) to the Court for orders approving the Scheme and if that approval is obtained:</p> <ul style="list-style-type: none"> • promptly lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act; • close the PR Finance Share Register in respect of PR Finance Shares as at the Record Date and determine entitlements to the Initial Scheme Consideration in accordance with the Scheme; • subject to Keybridge providing or procuring the provision of the Initial Scheme Consideration, execute proper instruments of transfer of and effect and register the transfer of the Scheme Shares in accordance with the Scheme; and • do all other things contemplated by or necessary to give effect to the Scheme.
15.	<p>Consultation</p> <p>During the period from the date of this agreement to the Implementation Date:</p> <ul style="list-style-type: none"> • promptly provide to Keybridge a copy of the PR Finance Share Register as requested by Keybridge from time to time; and • hold weekly meetings between the PR Finance managing director and the Keybridge executive director to discuss, at a high level, material matters (which, for the avoidance of doubt, shall not include Sensitive Information) relating to PR Finance and Keybridge and their respective Related Entities including, without limitation: <ul style="list-style-type: none"> – business performance (including updates as to any material variances in relation to forecasts); – key personnel issues;

	<ul style="list-style-type: none"> – risk management; – compliance; and – major business developments.
16.	<p>Representation</p> <p>Allow, and not oppose, any application by Keybridge for leave of the Court to be represented, or the separate representation of Keybridge by counsel, at the Court hearings held for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme.</p>
17.	<p>Compliance with laws</p> <p>Do everything reasonably within its power to ensure that the Transaction is effected in accordance with all laws and regulations applicable in relation to the Transaction.</p>
18.	<p>PR Finance Prescribed Occurrence</p> <p>Ensure that no PR Finance Prescribed Occurrence occurs between the date of this agreement and 8.00 am on the Second Court Date.</p>

Schedule 5 – Keybridge’s steps for implementation

	Step
1.	<p>Keybridge Information</p> <p>Prepare and provide to PR Finance the Keybridge information for inclusion in the Scheme Booklet as soon as is reasonably practicable and consult with PR Finance in relation to the content of the Keybridge Information.</p>
2.	<p>Independent Expert</p> <p>Subject to the Independent Expert entering into arrangements with Keybridge (including in relation to confidentiality) reasonably required by Keybridge, provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert’s Report for inclusion in the Scheme Booklet.</p>
3.	<p>Accuracy of Keybridge Information</p> <p>As soon as practicable after PR Finance has notified Keybridge in writing that ASIC has completed its review of the Scheme Booklet, confirm to PR Finance that the Keybridge Information in the Scheme Booklet does not contain any statements that are misleading or deceptive in any material respect.</p>
4.	<p>Assistance</p> <p>Provide any assistance or information reasonably requested by PR Finance in connection with the preparation of the Scheme Booklet and any other document to be sent to PR Finance Shareholders in order to facilitate satisfaction of the Conditions.</p>
5.	<p>Approval of draft for ASIC</p> <p>As soon as practicable after the preparation of an advanced draft of the Scheme Booklet suitable for review by ASIC, procure that a meeting of the Keybridge Board (or a sub-committee of it) is convened to approve the Keybridge information in the form and context in which it appears in the Scheme Booklet as being in a form appropriate for provision to ASIC for review.</p>
6.	<p>Approval for Scheme Booklet</p> <p>As soon as practicable at the conclusion of the review by ASIC of the Scheme Booklet, procure that a meeting of the Keybridge Board (or a sub-committee of it) is convened to approve the Keybridge Information in the form and context in which it appears in the Scheme Booklet being in a form appropriate for dispatch to the PR Finance Shareholders, subject to approval of the Court.</p>
7.	<p>Representation</p> <p>If requested by PR Finance, procure that Keybridge is represented by counsel at the Court hearings held for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme, at which, through its counsel, Keybridge will undertake (if requested by the Court) to do all such things and take all such steps within its power as may be necessary in order to ensure the fulfilment of its obligations under the Scheme, and, to the extent that leave of the Court is required for Keybridge to be represented at those Court hearings, apply for that leave.</p>
8.	<p>Deed Poll</p>

	Prior to the First Court Hearing Date, execute the Deed Poll.
9.	<p>Keybridge Information</p> <p>Advise PR Finance if at any time before the Second Court Date, Keybridge becomes aware either:</p> <ul style="list-style-type: none"> • of new information which, were it known at the time the Scheme Booklet was prepared should have been included in the Keybridge Information that is included in the Scheme Booklet; or • that any part of the Keybridge Information is misleading or deceptive in a material respect (whether by omission or otherwise), <p>together with such additional information as PR Finance requires to determine whether supplementary disclosure to PR Finance Shareholders is required.</p>
10.	<p>Compliance with laws</p> <p>Do everything reasonably within its power to ensure that the Transaction is effected in accordance with all laws and regulations applicable in relation to the Transaction.</p>

Schedule 6 – PR Finance’s warranties

	Warranty
1.	<p>Status</p> <p>PR Finance, and each of its Related Entities that is a body corporate, is a body corporate duly incorporated under the laws of its jurisdiction of incorporation or formation.</p>
2.	<p>Power for business</p> <p>PR Finance, and each of its Related Entities, has the power to own its assets and to carry on its business as now conducted or contemplated.</p>
3.	<p>Power for document</p> <p>PR Finance has the corporate power to enter into and perform or cause to be performed its obligations under this agreement and the Scheme and to carry out the transactions contemplated by this agreement and the Scheme.</p>
4.	<p>Corporate authorisations</p> <p>PR Finance has taken or will take all necessary corporate action to authorise the entry into and performance of this agreement and the Scheme and to carry out the transactions contemplated by this agreement and the Scheme.</p>
5.	<p>Document binding</p> <p>This agreement is a valid and binding obligation enforceable in accordance with its terms, subject to any necessary stamping.</p>
6.	<p>Transactions permitted</p> <p>Subject to obtaining all applicable Regulatory Approvals, the execution and performance by PR Finance of this agreement and the Scheme and each transaction contemplated by this agreement and the Scheme did not and will not violate in any material respect a provision of a law or treaty or a judgment, ruling, order or decree of a Regulatory Authority binding on it, or its constitution or any other document or agreement that is binding on it or its assets.</p>
7.	<p>Provision of PR Finance Information</p> <p>The PR Finance Information included in the Scheme Booklet:</p> <ul style="list-style-type: none"> • will be included in good faith and on the understanding that Keybridge and each of the Keybridge Indemnified Parties will rely on that information for the purposes of considering and approving the Keybridge Information in the Scheme Booklet and approving the entry by Keybridge into the Deed Poll, and that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert’s Report for inclusion in the Scheme Booklet (as the case may be); and • will comply in all material respects with the requirements of the Corporations Act and all relevant policy statements, practice notes and other guidelines and requirements of ASIC.
8.	<p>PR Finance Information true</p> <p>The PR Finance Information included or incorporated by reference in the Scheme Booklet will not, as at the date of dispatch of the Scheme Booklet to the PR</p>

	Finance Shareholders, contain any statement which is misleading or deceptive in any material respect nor contain any material omission having regard to applicable disclosure requirements.
9.	<p>Update of PR Finance Information</p> <p>PR Finance will, as a continuing obligation, provide to Keybridge all such further or new information which may arise after the Scheme Booklet has been dispatched until the date of the Scheme Meeting where that may be necessary to ensure that there would be no breach of item 8 of this schedule as soon as practicable and in any event within two Business Days after the date upon which that information arose.</p>
10.	<p>Securities</p> <p>PR Finance's issued securities as at the date of this agreement are:</p> <ul style="list-style-type: none"> • 172,191,089 PR Finance Shares; <p>and neither it nor any of its Related Entities is under any obligation to issue any shares or securities (including equity securities debt securities or convertible securities or securities convertible into shares) or performance rights to any person and nor has it offered or agreed to issue any and no option exists nor is PR Finance or any of its Related Entities subject to any actual or contingent obligation to issue or convert securities.</p>
11.	<p>Compliance with laws</p> <p>As far as PR Finance is aware, after making enquiries of its Officers, it and its Related Entities have complied in all material respects with all applicable laws and regulations which would, if breached, have a material adverse effect on:</p> <ul style="list-style-type: none"> • the financial position of PR Finance and its Related Entities as a whole; or • on the implementation of the Transaction.
12.	<p>Solvency</p> <p>It is not insolvent.</p>
13.	<p>Termination of Discussions</p> <p>It has terminated all negotiations and discussions that relate to any Third Party Proposal other than the Permitted Negotiations and, at the end of the Negotiation Period it will, subject to clause 10.8, terminate all negotiations and discussions that relate to any Third Party Proposal other than those which on or before the end of the Negotiation Period result in the making of a Superior Proposal.</p>
14.	<p>Standstill</p> <p>The execution of this agreement by PR Finance will not affect any waiver or amendment of any standstill agreement or arrangement between PR Finance and any other person.</p>
15.	<p>Due Diligence Material</p> <p>The PR Finance Due Diligence information has been disclosed in good faith, and PR Finance has not knowingly withheld any information from Keybridge because PR Finance believed that the provision of the information would affect Keybridge's willingness to enter into this agreement or proceed with the Transaction.</p>
16.	<p>No current discussions</p>

	PR Finance represents and warrants to Keybridge that, as at the date of this agreement, neither it nor any of its Representatives is a party to any agreement, arrangement or understanding with a third party in relation to a Third Party Proposal or a possible Third Party Proposal that would prevent it entering into this agreement or complying with its obligations under this agreement.
17.	Material Adverse Change PR Finance is not aware of anything that is or could reasonably be expected to result in a PR Finance Material Adverse Change.
18.	Break Fee As at the date of this agreement, other than as disclosed in writing to Keybridge before the date of this Agreement, PR Finance has not entered into any break fee arrangement with any third party.

Schedule 7 – Keybridge’s warranties

	Warranty
1.	<p>Status of Keybridge</p> <p>Keybridge is a body corporate duly incorporated under the laws of its jurisdiction of incorporation or formation.</p>
2.	<p>Power of Keybridge for document</p> <p>Keybridge has the corporate power to enter into and perform or cause to be performed its obligations under this agreement, the Scheme and the Deed Poll and to carry out the transactions contemplated by this agreement, the Scheme and the Deed Poll to be carried out by Keybridge.</p>
3.	<p>Corporate authorisations for Keybridge</p> <p>Keybridge has taken or will take all necessary corporate action to authorise the entry into and performance of this agreement, the Scheme and the Deed Poll and to carry out the transactions contemplated by this agreement, the Scheme and the Deed Poll to be carried out by Keybridge.</p>
4.	<p>Document binding</p> <p>This agreement is a valid and binding obligation enforceable in accordance with its terms.</p>
5.	<p>Transactions permitted</p> <p>Subject to obtaining all Regulatory Approvals, the execution and performance by Keybridge of this agreement, the Scheme and the Deed Poll and each transaction contemplated by this agreement, the Scheme and the Deed Poll did not and will not violate in any material respect a provision of a law or treaty or a judgment, ruling, order or decree of a Regulatory Authority binding on it, or its constitution or any other document or agreement that is binding on it or its assets.</p>
6.	<p>Provision of Keybridge Information</p> <p>The Keybridge Information:</p> <ul style="list-style-type: none"> • will be provided in good faith and on the understanding that PR Finance and each of the PR Finance Indemnified Parties will rely on that information for the purposes of preparing the Scheme Booklet and proposing the Scheme, and that the Independent Expert will rely upon that information for the purpose of preparing the independent Expert’s Report for inclusion in the Scheme Booklet (as the case may be); and • will comply in all material respects with the requirements of the Corporations Act and all relevant policy statements, practice notes and other guidelines and requirements of ASIC.
7.	<p>Keybridge Information true</p> <p>The Keybridge Information included or incorporated by reference in the Scheme Booklet in the form consented to by Keybridge will not, as at the date of dispatch of the Scheme Booklet to the PR Finance Shareholders, contain any material statement which is misleading or deceptive in any material respect nor contain any material omission having regard to applicable disclosure requirements</p>
8.	<p>Update of Keybridge Information</p>

	Keybridge will, as a continuing obligation, provide to PR Finance all such further or new information which may arise after the Scheme Booklet has been dispatched until the date of the Scheme Meeting where that may be necessary to ensure that there would be no breach of item 7 of this schedule as soon as practicable and in any event within two Business Days after the date upon which that information arose.
9.	Solvency Keybridge is not insolvent.
10.	Due Diligence Material The Keybridge Due Diligence information has been disclosed in good faith, and Keybridge has not knowingly withheld any information from PR Finance because Keybridge believed that the provision of the information would affect PR Finance's willingness to enter into this agreement or proceed with the Transaction.

Executed as a deed

Executed by PR Finance Group Limited
ACN 46 109 299 390 in accordance with section
127 of the Corporations Act by or in the presence
of:



Signature of Secretary/other Director

Kenneth Brian Wise

Name of Secretary/other Director in full



Signature of Director or Sole Director and
Secretary

Peter Elfyd Llewellyn

Name of Director or Sole Director and
Secretary in full

Executed by Keybridge Capital Limited
ABN 16 088 267 190 in accordance with section
127 of the Corporations Act by or in the presence
of:



Signature of Secretary/other Director

NICHOLAS BOLTON

Name of Secretary/other Director in full



Signature of Director or Sole Director and
Secretary

Adrian Martin

Name of Director or Sole Director and
Secretary in full

Annexure C

Deed Poll

SCHEME DEED POLL

KEYBRIDGE CAPITAL LIMITED

IN FAVOUR OF EACH SCHEME PARTICIPANT

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PARTIES

1. **KEYBRIDGE CAPITAL LIMITED** of Level 26, 259 George Street, Sydney, NSW 2000 (**Keybridge**) in favour of each Scheme Participant

INTRODUCTION

- A. The directors of PR Finance Group Limited (**PR Finance**) consider that it is in the interests of PR Finance and PR Finance Shareholders that PR Finance Shareholders consider the Scheme. The directors of PR Finance have therefore resolved that PR Finance propose the Scheme.
- B. On 30 March 2013 PR Finance and Keybridge entered into a Scheme Implementation Agreement (**Scheme Implementation Agreement**), under which Keybridge has agreed (subject to the satisfaction or waiver of certain conditions) to do all things necessary or desirable on its part to implement the Scheme, including providing the Scheme Consideration to Scheme Participants.
- C. Keybridge is entering into this deed for the purpose of covenanting in favour of the Scheme Participants to perform certain of its obligations under the Scheme Implementation Agreement.

OPERATIVE PART

1. Preliminary

Definitions and interpretation

- 1.1. The following definitions apply in this deed:

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between PR Finance and the Scheme Participants.

Other capitalised words and phrases have the same meaning as given to them in the Scheme. Unless the context requires otherwise, clause 10 of the Scheme applies as if set out in full in this deed.

Nature of this deed poll

- 1.2. Keybridge acknowledges that:
 - 1.2.1. this deed is a deed poll and may be relied on and enforced by any Scheme Participant in accordance with its terms, notwithstanding that each of the Scheme Participants is not party to this deed; and
 - 1.2.2. under the Scheme, each Scheme Participant irrevocably appoints PR Finance and any of PR Finance's directors as its agent and attorney to, among other things, enforce this deed against Keybridge.

2. Condition precedent and termination

Condition

- 2.1. Each of Keybridge's obligations under this deed is subject to the Scheme becoming Effective.

Termination

- 2.2. If the Scheme Implementation Agreement is terminated in accordance with its terms, or the Scheme does not become Effective on or before the Quit Date, the obligations of Keybridge under this deed will automatically terminate, unless Keybridge and PR Finance agree otherwise in writing.

Consequences of termination

- 2.3. If this deed is terminated under clause 2.2 then in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:
- 2.3.1. Keybridge is released from its obligations to further perform this deed, except those obligations contained in clause 5 and any other obligations which by their nature survive termination; and
- 2.3.2. the Scheme Participants retain the rights they have against Keybridge in respect of any breach of this deed which occurred before this deed is terminated.

3. Payment of Scheme Consideration

- 3.1. Subject to the condition precedent in clause 2.1 being satisfied, in consideration of the transfer to Keybridge of all of the Scheme Shares in accordance with the terms of the Scheme, Keybridge undertakes in favour of each Scheme Participant to pay or procure the payment of the Initial Cash Scheme Consideration to each Scheme Participant in accordance with the terms of the Scheme.
- 3.2. The obligation of Keybridge under clause 3.1 will be satisfied if, on or prior to the Implementation Date, Keybridge pays or procures payment of an amount at least equal to the aggregate amount of the Initial Cash Scheme Consideration payable to all Scheme Participants to be deposited in cleared funds into an Australian dollar denominated trust account operated by the Trustee, to be held on trust for the Scheme Participants for the purpose of paying the Scheme Consideration to each Scheme Participant, except that any interest on the amount deposited (less bank fees and charges) will be to Keybridge's account.
- 3.3. As PR Finance proposes to effect the transfer of the Scheme Shares from Scheme Participants to Keybridge by way of share transfer forms (or a master transfer form) in accordance with section 1071B of the Corporations Act, on the Implementation Date Keybridge must execute (or procure the execution of) the transfer form(s) and deliver the executed transfer form(s) to PR Finance for registration.
- 3.4. Subject to the condition precedent in clause 2.1 being satisfied, in consideration of the transfer to Keybridge of all of the Scheme Shares in accordance with the terms of the Scheme, Keybridge undertakes in favour of each Scheme Participant to issue and allot the Initial Keybridge Shares to which each such Scheme Participant is entitled. Keybridge will issue and allot the Initial Keybridge Shares by:

- 3.4.1. entering the name of each Scheme Participant on Keybridge's register of members before 5:00pm on the Implementation Date; and
 - 3.4.2. dispatching the certificates in respect of the Initial Keybridge Shares by pre-paid post on the Implementation Date.
- 3.5 Subject to the condition precedent in clause 2.1 being satisfied and subject further to the relevant conditions in schedule 2 to the Scheme being satisfied, Keybridge undertakes to deliver the Further Scheme Consideration to each Scheme Participant in accordance with the terms of the Scheme.

4. Representations and warranties

Keybridge represents and warrants that:

- 4.1. it is a corporation validly existing under the laws of its place of incorporation;
- 4.2. it has the corporate power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by this deed;
- 4.3. it has taken all necessary corporate action to authorise the entry into this deed and has taken or will take all necessary corporate action to authorise the performance of this deed and to carry out the transactions contemplated by this deed;
- 4.4. it is solvent and, as at the date of this deed, no resolutions have been passed by it nor, so far as it is aware, has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets;
- 4.5. as at the date of this deed, and so far as it is aware, no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this deed; and
- 4.6. this deed is valid and binding upon it.

5. Continuing obligations

This deed is irrevocable and subject to clause 2, remains in full force and effect until:

- 5.1. Keybridge has completely performed its obligations under this deed; or
- 5.2. the earlier termination of this deed under clause 2.

6. Stamp duty

- 6.1. Keybridge must pay all stamp duties, and any related fines, penalties and interest (if any) in respect of this deed, the performance of this deed or in respect of any instrument or other document executed to give effect to this deed.
- 6.2. Keybridge will indemnify each Scheme Participant against any liability arising from failure to comply with clause 6.1.

7. General

Exercise of rights

- 7.1. If a Scheme Participant does not exercise a right of remedy fully or at a given time, it may still exercise it later.

Waiver and variation

- 7.2. A provision or right under this deed may not be waived except in writing signed by the person granting the waiver.
- 7.3. A provision of this deed may not be varied unless the variation is agreed to by PR Finance and the Court indicates that the variation would not in itself preclude approval of the Scheme in which event Keybridge will enter into a further deed poll in favour of the Scheme Participants giving effect to such variation.

Rights cumulative

- 7.4. Except as expressly stated otherwise in this deed, the rights of Keybridge and each of the Scheme Participants under this deed are cumulative and are in addition to any other rights of that party.

Governing law and jurisdiction

- 7.5. This deed is governed by the laws of New South Wales.
- 7.6. The parties irrevocably submit to the exclusive jurisdiction of the courts of New South Wales and any courts which may hear appeals from those courts in respect of any proceedings in connection with this deed.
- 7.7. No party may object to the jurisdiction of any of those courts on the ground that it is an inconvenient forum or that it does not have jurisdiction.

Assignment

- 7.8. The rights and obligations of a person under this deed are personal. They cannot be assigned, charged or otherwise dealt with at law or in equity, and no person must attempt or purport to do so.

Severability

- 7.9. If the whole or any part of a provision of this deed poll is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this deed, has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause 7.9 has no effect if the severance alters the basic nature of this deed or is contrary to public policy.

Further action

- 7.10. Keybridge will at its own expense promptly do all things and execute and deliver all further documents required by law or reasonably requested by any other party to give effect to this deed and the transactions contemplated by it.

Executed as a deed poll

Executed by Keybridge Capital Limited
ABN 16 088 267 190 in accordance with
section 127 of the Corporations Act by or in
the presence of:

Signature of Secretary/other Director

Signature of Director or Sole Director
and Secretary

Name of Secretary/other Director in full

Name of Director or Sole Director and
Secretary in full

Annexure D

Scheme of Arrangement

SCHEME OF ARRANGEMENT

pursuant to s.411 of the Corporations Act 2001

**PR FINANCE GROUP LIMITED
(ABN 46 109 299 390)**

EACH SCHEME PARTICIPANT

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PARTIES

1. **PR FINANCE GROUP LIMITED** (ABN 46 109 299 390) of Suite 10, 10 Cloyne Road, Southport, Queensland 4215 (**PR Finance**)
2. The holders of fully paid ordinary shares in PR Finance as at the Record Date

INTRODUCTION

- A. PR Finance is a public company limited by shares.
- B. Keybridge and PR Finance have entered into a Scheme Implementation Agreement which sets out the terms on which the parties have agreed to implement the Scheme.
- C. Keybridge has entered into the Deed Poll for the purpose of covenanting in favour of Scheme Participants to provide to each Scheme Participant the Scheme Consideration to which each Scheme Participant is entitled under the Scheme and to perform its obligations under the Scheme Implementation Agreement.

OPERATIVE PARTS

1. Conditions

Conditions precedent

- 1.1. This Scheme is conditional on each of the following conditions precedent:
 - 1.1.1. all of the conditions set out in schedule 2 of the Scheme Implementation Agreement having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement before 8.00 am on the Second Court Date;
 - 1.1.2. as at 8.00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll has been terminated in accordance with their terms;
 - 1.1.3. the Scheme having been approved at the Scheme Meeting, with or without modification, by the requisite majority of PR Finance Shareholders in accordance with section 411(4)(a) of the Corporations Act or, if the Scheme is not agreed to by the requisite majority of PR Finance Shareholders, the Court orders otherwise in accordance with section 411(4)(a) of the Corporations Act;
 - 1.1.4. the Scheme being approved by the Court pursuant to section 411(4)(b) of the Corporations Act without modification or with modifications which are acceptable to Keybridge and PR Finance; and
 - 1.1.5. such other conditions that may be imposed by the Court under section 411(6) of the Corporations Act as are acceptable to Keybridge and PR Finance.

Satisfaction of Conditions

- 1.2. PR Finance and Scheme Participants will not have any rights or obligations:
 - 1.2.1 under clauses 2, 3.1-3.7 (inclusive), 5.3, 5.4 and 5.5 of this document unless and until the conditions precedent in clause 1.1 are satisfied; and
 - 1.2.2 under clause 3.8 of this document unless and until the conditions precedent in clause 1.1 are satisfied and the relevant conditions in schedule 2 are satisfied.

Certificate

- 1.3. PR Finance must provide, and must procure Keybridge to provide, to the Court on the Second Court Date a certificate confirming that the conditions precedent in clauses 1.1.1, 1.1.2, and 1.1.3 have been satisfied or waived (subject to the terms of the Scheme Implementation Agreement) as at 8.00am on the Second Court Date.

Conclusive evidence

- 1.4. The giving of a certificate by each of PR Finance and Keybridge in accordance with clause 1.3 will, in the absence of manifest error, be conclusive evidence of the matters referred to in each certificate.

Termination of Scheme Implementation Agreement

- 1.5. Without limiting rights under the Scheme Implementation Agreement, if the Scheme Implementation Agreement is terminated in accordance with its terms before 8.00am on the Second Court Date, PR Finance and Keybridge are each released from:
 - 1.5.1. any further obligation to take steps to implement the Scheme; and
 - 1.5.2. any liability with respect to the Scheme,provided that PR Finance and Keybridge retain the rights they have against each other in respect of any prior breach of the Scheme Implementation Agreement.

Effective Date

- 1.6. This Scheme takes effect on the Effective Date.
- 1.7. The Scheme will lapse and be of no further force or effect:
 - 1.7.1. if the Effective Date has not occurred on or before the Quit Date; or
 - 1.7.2. the Scheme Implementation Agreement is terminated on or before the date upon which Keybridge provides, or procures the provision of, the Initial Scheme Consideration to Scheme Participants.

2. Scheme

Lodgment of Court order

- 2.1. On the same Business Day as approval of the Scheme by the Court is obtained in accordance with section 411(4)(b) of the Corporations Act, PR

Finance will lodge with ASIC an office copy of the Court order under section 411(10) of the Corporations Act approving this Scheme.

Transfer of PR Finance Shares held by Scheme Participants

- 2.2. On the Implementation Date and subject to the provision of the Initial Scheme Consideration by Keybridge in accordance with clauses 3.3, 3.4, 3.5 and 3.7 of this document:
 - 2.2.1. the Scheme Shares, together with all rights and entitlements attaching to them as at that date, will be transferred to Keybridge without the need for any further acts by the Scheme Participants (other than acts performed by PR Finance as attorney and agent for the Scheme Participants under clause 5.4);
 - 2.2.2. PR Finance will deliver to Keybridge duly completed and executed share transfer forms (or a master transfer form) in accordance with section 1071B of the Corporations Act and Keybridge will execute and deliver those share transfer form(s) to PR Finance; and
 - 2.2.3. subject to execution and delivery of a share transfer form under clause 2.2.2, PR Finance will enter the name of Keybridge in the PR Finance Share Register as the holder of all the Scheme Shares.

Beneficial entitlement by Keybridge

- 2.3. From the time of the provision of the Initial Scheme Consideration to the Scheme Participants on the Implementation Date in accordance with clauses 3.3, 3.4, 3.5 and 3.7, Keybridge will be beneficially entitled to the Scheme Shares (together with all rights and entitlements attached to the Scheme Shares) to be transferred to it under the Scheme pending registration of Keybridge in the PR Finance Share Register as the holder of those Scheme Shares.

Enforcement of Deed Poll

- 2.4. PR Finance undertakes in favour of each Scheme Participant to enforce the Deed Poll against Keybridge on behalf of and as agent for the Scheme Participants.

3. Scheme Consideration

Amount of Scheme Consideration

- 3.1. On the Implementation Date, in consideration for the transfer to Keybridge of the Scheme Shares, each Scheme Participant will be entitled to receive the Initial Scheme Consideration in respect of each of their Scheme Shares in accordance with this Scheme subject to the terms of the Deed Poll.

Joint holders

- 3.2. In the case of Scheme Shares held in joint names, any cheque required to be drawn in favour of Scheme Participants will be payable to the joint holders and must be forwarded to the holder whose name appears first in the PR Finance Share Register at the Record Date.

Payment of Scheme Consideration

- 3.3. Subject to the conditions precedent in clause 1.1 being satisfied, the obligation of PR Finance to procure Keybridge to provide the Initial Cash Scheme Consideration will be satisfied by Keybridge, on or before 10.00 am on the Implementation Date, depositing or procuring the deposit of an amount equal to the aggregate amount of the Initial Cash Scheme Consideration payable to all Scheme Shareholders in cleared funds into an Australian dollar denominated trust account operated by the Trustee, to be held on trust for the Scheme Participants for the purpose of paying the Scheme Consideration to each Scheme Participant, except that any interest on the amount deposited (less bank fees and other charges) will be to Keybridge's account.
- 3.4. Subject to compliance with clause 3.3, on the Implementation Date, the Trustee must pay from the account referred to in clause 3.3 to each Scheme Participant such amount of cash as is due to that Scheme Participant under clause 3.1 as Initial Cash Scheme Consideration in respect of all that Scheme Participant's Scheme Shares.
- 3.5. The obligations under clause 3.4 will be satisfied by the Trustee taking the following actions on the Implementation Date:
 - 3.5.1. sending to each Scheme Participant's Registered Address by pre-paid post a pre-printed cheque in the name of that Scheme Participant and for the relevant amount (denominated in Australian currency) drawn out of the trust account established under clause 3.3; or
 - 3.5.2. if the Scheme Participant has a payment direction (that is currently used for the payment of dividends) for a bank account with any Australian ADI (as defined in the Corporations Act) notified by the Scheme Participant to PR Finance as at the Record Date, depositing the relevant amount into that account.
- 3.6. To the extent there is any surplus in the funds held by the Trustee in the trust account after the making of payments under clause 3.5, that surplus must be promptly paid by the Trustee to Keybridge, provided that any amount which remains in the trust account as a result of a payment not being successfully made to a Scheme Participant despite compliance with clause 3.5, will not form part of the surplus funds and will be retained in the trust account until it is either successfully paid to the relevant Scheme Participant or Scheme Participants (as applicable) or is dealt with in accordance with any relevant unclaimed monies legislation.
- 3.7. Subject to the conditions precedent in clause 1.1 being satisfied, on the Implementation Date the obligation on PR Finance to procure that Keybridge issues and allots to each Scheme Participant the Initial Keybridge Shares to which each such Scheme Participant is entitled, calculated in accordance with schedule 1, will be satisfied by Keybridge:
 - 3.7.1 entering the name of each Scheme Participant on Keybridge's register of members before 5.00pm on the Implementation Date; and

- 3.7.2 dispatching the certificates in respect of the Initial Keybridge Shares by pre-paid post on the Implementation Date.
- 3.8 Subject to the conditions precedent in clause 1.1 being satisfied, and subject further to the relevant conditions in schedule 2 being satisfied, PR Finance must procure that Keybridge will deliver the Further Scheme Consideration to each Scheme Participant in accordance with the terms of schedule 2.

4. Dealings in PR Finance Shares

- 4.1. For the purpose of establishing who are Scheme Participants, dealings in PR Finance Shares will only be recognised if registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the PR Finance Share Register is kept.
- 4.2. PR Finance must register registrable transmission applications or transfers of the type referred to in clause 4.1 by the Record Date.
- 4.3. PR Finance will not accept for registration or recognise for any purpose any transmission application or transfer in respect of PR Finance Shares received after the Record Date, other than a transfer to Keybridge in accordance with the Scheme and any subsequent transfer by Keybridge or its successors in title.
- 4.4. For the purpose of determining entitlements to the Scheme Consideration, PR Finance will, until such time as the Scheme Consideration has been provided or is no longer capable of being provided pursuant to the terms of this Scheme, maintain the PR Finance Share Register in accordance with the foregoing provisions of this clause 4 and the PR Finance Share Register in this form will solely determine entitlements to the Scheme Consideration.
- 4.5. PR Finance must procure that as soon as practicable after the Record Date, details of the names, Registered Addresses and holdings of Scheme Shares of every Scheme Participant as shown in the PR Finance Share Register at the Record Date are made available to Keybridge in such form as Keybridge may reasonably require.
- 4.6. Subject to provision of the Initial Scheme Consideration by Keybridge pursuant to clauses 3.3, 3.4, 3.5 and 3.7 and registration of the transfer to Keybridge contemplated in clause 2.2, all share certificates and holding statements for the Scheme Shares (other than statements of holding in favour of Keybridge) will cease to have effect as documents of title in respect of those Scheme Shares, and each entry currently on the PR Finance Share Register in respect of Scheme Shares will cease to have any effect other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

5. General

Alterations and conditions

- 5.1. If the Court proposes to approve this Scheme subject to any alterations or conditions, PR Finance may by its legal counsel, but subject to the prior

approval of Keybridge (such approval not to be unreasonably withheld), consent on behalf of all persons concerned to those alterations or conditions.

Warranties by Scheme Participants

- 5.2. Each Scheme Participant is deemed to have warranted to PR Finance, in its own right and for the benefit of Keybridge, that:
- 5.2.1. all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Keybridge under the Scheme will, on the Implementation Date, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, whether legal or otherwise (but acknowledging that a security interest holder may potentially have an interest in the Scheme Consideration in accordance with the terms of such security interest); and
 - 5.2.2. they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Keybridge under the Scheme.

Covenants by Scheme Participants

- 5.3. Each Scheme Participant:
- 5.3.1. consents to PR Finance doing all things necessary or incidental to the implementation of this Scheme including executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of the Scheme and PR Finance, as agent of each Scheme Participant, may sub-delegate its functions under this clause 5.3.1 to any of its directors and officers, severally; and
 - 5.3.2. agrees to the transfer of all of their Scheme Shares (together with all rights and entitlements attaching to those shares) to Keybridge in accordance with the terms of this Scheme.
- 5.4. Each Scheme Participant, without the need for any further act, irrevocably appoints PR Finance and all of its directors and officers (jointly and severally) as its attorney and agent for the purpose of:
- 5.4.1. enforcing the Deed Poll against Keybridge; and
 - 5.4.2. executing any document necessary or expedient to give effect to the Scheme or doing any other act necessary or desirable to give full effect to the Scheme and the transactions contemplated by it.
- 5.5. Upon satisfaction of the obligations under clauses 3.3, 3.4, 3.5 and 3.7, and until PR Finance registers Keybridge as the holder of all the Scheme Shares in the PR Finance Share Register, each Scheme Participant:
- 5.5.1. is deemed to have irrevocably appointed Keybridge as its attorney and agent (and directed Keybridge in such capacity) to appoint such officer or agent nominated by Keybridge to be its sole proxy and, where applicable, corporate representative, to attend shareholders' meetings of PR Finance, exercise the votes attaching to Scheme

Shares registered in its name and sign any shareholders' resolution, whether in person, by proxy or by corporate representative, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.5.1); and

5.5.2. must take all other actions in the capacity of the registered holder of Scheme Shares as Keybridge directs.

6. Communications

- 6.1. Where a notice, transfer, transmission application, direction or other communication referred to in this document is sent by post to PR Finance, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at PR Finance's registered office.
- 6.2. The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any PR Finance Shareholder shall not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

7. Further action

- 7.1. PR Finance must do all things necessary to give full effect to the Scheme, including:
 - 7.1.1. executing documents; and
 - 7.1.2. ensuring its employees and agents perform their obligations.
- 7.2. PR Finance must not do anything that will prevent this document from being carried out.

8. Governing law

- 8.1. This document is governed by the laws of New South Wales.
- 8.2. The parties irrevocably submit to the exclusive jurisdiction of the courts of New South Wales and any courts which may hear appeals from those courts in respect of any proceedings in connection with this document.
- 8.3. No party may object to the jurisdiction of any of those courts on the ground that it is an inconvenient forum or that it does not have jurisdiction.

9. Costs

- 9.1. Any costs, and any stamp duty and any related fines, interest or penalties, which are payable on or in respect of this document or on any document referred to in this document will be paid as provided for in the Scheme Implementation Agreement. For the avoidance of doubt, save as provided in the Scheme Implementation Agreement, the Scheme Participants do not have to pay any stamp duty, related fines, interest or penalties which are payable on or in respect of this document or any document referred to in this document.

10. Interpretation

In this document, unless the context otherwise requires:

- 10.1. the Introduction is correct;
- 10.2. headings do not affect interpretation;
- 10.3. singular includes plural and plural includes singular;
- 10.4. words of one gender include any gender;
- 10.5. unless otherwise stated, a reference to time is a reference to Sydney, Australia time;
- 10.6. a reference to “dollars”, “\$A”, “A\$” or “\$” is a reference to Australian currency;
- 10.7. a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- 10.8. unless otherwise stated, a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this document, and a reference to this document includes any schedule or annexure;
- 10.9. reference to a person includes a corporation, body corporate, joint venture, association, government body, firm and any other entity;
- 10.10. a reference to a party is to a party to this document, and a reference to a party to an agreement includes the party’s executors, administrators, successors and permitted assigns and substitutes;
- 10.11. reference to two or more people means each of them individually and all of them jointly;
- 10.12. if a party comprises two or more people:
 - 10.12.1. a promise by that party binds each of them individually and all of them jointly;
 - 10.12.2. a right given to that party is given to each of them individually;
 - 10.12.3. a representation, warranty or undertaking by that party is made by each of them individually;
- 10.13. a provision must not be construed against a party only because that party prepared it;
- 10.14. a provision must be read down to the extent necessary to be valid. If it cannot be read down to that extent, it must be severed;
- 10.15. the meaning of general words or provisions shall not be limited by references to specific matters that follow them (for example, introduced by words such as “including” or “in particular”) or precede them or are included elsewhere in this document;
- 10.16. if a thing is to be done on a day which is not a Business Day, it must be done on the next Business Day;

- 10.17. another grammatical form of a defined expression has a corresponding meaning; and
- 10.18. an expression defined in the Corporations Act has the meaning given by that Act at the date of this document.

11. Definitions

The following definitions apply in this document:

Term	Meaning
ASIC	means the Australian Securities and Investments Commission.
ASX	means the ASX Limited or the securities exchange it operates, as the context requires.
Business Day	means a day that is not a Saturday, Sunday or public holiday in New South Wales.
CBA Facilities	means the facilities provided by CBA to PR Finance pursuant to the terms of a letter of offer dated 18 November 2011.
Control	has the meaning given to that term in section 50AA of the Corporations Act.
Corporations Act	means the Corporations Act 2001 (Cth).
Court	means the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act agreed in writing by PR Finance and Keybridge.
Deed Poll	means the deed poll made by Keybridge under which Keybridge covenants in favour of Scheme Participants to perform its obligations under the Scheme Implementation Agreement.
Effective	means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made for the purposes of section 411(4)(b) in relation to the Scheme.
Effective Date	means, in relation to the Scheme, the date on which the Scheme becomes Effective.
Further Scheme Consideration	means any additional consideration deliverable by Keybridge to the Scheme Participants pursuant to clause 3.8 and schedule 2.
Implementation Date	means, in relation to the Scheme, the third Business Day after the Record Date, or such other date as Keybridge and

Term	Meaning
	PR Finance agree in writing.
Initial Cash Scheme Consideration	means the aggregate cash amount of A\$1,500,000, to be apportioned between the Scheme Participants pro-rata as nearly as may be to the number of Scheme Shares held by each such Scheme Participant as at the Record Date.
Initial Keybridge Shares	means the ordinary fully paid shares in the capital of Keybridge, ranking in all respects pari passu with the existing issued ordinary shares in the capital of Keybridge, to be issued as part of the Initial Scheme Consideration to each Scheme Participant as more particularly described in clause 3.7 and schedule 1.
Initial Scheme Consideration	means the Initial Cash Scheme Consideration and the Initial Keybridge Shares.
Issued Keybridge Shares	means the ordinary shares in the capital of Keybridge in issue and listed on the ASX.
Keybridge	means Keybridge Capital Limited or its nominee.
Keybridge Facility	means the facility provided by Keybridge and others to PR Finance pursuant to a syndicated facility agreement dated 29 June 2007 (as amended).
MVD Consideration	means the aggregate cash amount of A\$1,000,000, to be apportioned between the Scheme Participants pro-rata as nearly as may be to the number of Scheme Shares held by each such Scheme Participant as at the Record Date.
MVD Date	has the meaning given to that term in schedule 2.
MVD Shares	means the ordinary fully paid shares in the capital of Keybridge, ranking in all respects pari passu with the existing issued ordinary shares in the capital of Keybridge, which could be issued as part of the Further Scheme Consideration to each Scheme Participant as more particularly described in schedule 2.
Permitted Negotiations	has the meaning given to that term in the Scheme Implementation Agreement.
PR Finance Group	means PR Finance and its Related Entities.
PR Finance Share	means a fully paid ordinary share in the capital of PR Finance.
PR Finance	means each person registered in the PR Finance Share

Term	Meaning
Shareholder	Register as the holder of PR Finance Shares.
PR Finance Share Register	means the register of members of PR Finance maintained in accordance with the Corporations Act.
Quit Date	means 30 June 2013 or such later date as Keybridge and PR Finance may agree in writing.
Record Date	means, in relation to the Scheme, 5.00 pm (Sydney time) on the fifth Business Day after the Second Court Date or such other time and/or date as Keybridge and PR Finance agree in writing.
Registered Address	means, in relation to a Scheme Participant, the address shown in the PR Finance Share Register.
Related Entity	means, in relation to an entity, any entity which is related to that entity within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any accounting standard in force under section 334 of the Corporations Act) that is Controlled by that entity.
Scheme	means this scheme of arrangement between PR Finance and Scheme Participants, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Keybridge and PR Finance.
Scheme Booklet	means the information to be dispatched to PR Finance Shareholders and approved by the Court, including the Scheme, explanatory statements in relation to the Scheme issued pursuant to section 412 of the Corporations Act and registered with ASIC, an independent expert's report, summaries of each of the Scheme Implementation Agreement and the Deed Poll and notices convening the Scheme Meeting (together with proxy forms).
Scheme Consideration	means the Initial Scheme Consideration and any Further Scheme Consideration.
Scheme Implementation Agreement	means the Scheme Implementation Agreement between PR Finance and Keybridge dated on or about 30 March 2013, a copy of which is annexed to the Scheme Booklet.
Scheme Meeting	means the meeting to be ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme.
Scheme Participant	means each person recorded in the PR Finance Share

Term	Meaning
	Register as the holder of Scheme Shares as at the Record Date.
Scheme Shares	means the PR Finance Shares on issue at the Record Date.
Second Court Date	means the first day on which an application made to the Court for an order approving the Scheme pursuant to section 411(4)(b) of the Corporations Act is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.
Subsequent Control Transaction	has the meaning given to it in paragraph 1 of Schedule 2.
Target Consideration Amount	means an amount calculated by adding A\$52,000,000 to the amount of interest on the Keybridge Facility which has accrued but has not been paid as at the date of execution of a legally binding agreement for the completion of the Subsequent Control Transaction.
Trustee	means PR Finance as trustee for the Scheme Participants.

Schedule 1

Initial Keybridge Shares

1. The aggregate number of Initial Keybridge Shares to be issued by Keybridge to the Scheme Participants pursuant to clause 3.7 shall in no circumstances exceed 2,500,000 Initial Keybridge Shares.
2. Subject always to paragraph 1, the Initial Keybridge Shares to be issued by Keybridge to the Scheme Participants pursuant to clause 3.7 shall be such number of Initial Keybridge Shares as has an aggregate market value of A\$500,000, such aggregate market value being calculated by reference to the total A\$ value of Issued Keybridge Shares traded on the ASX during the relevant period divided by the total number of Issued Keybridge Shares so traded during the relevant period, and for this purpose the relevant period will be the thirty trading days on the ASX ending on the Effective Date.
3. Subject always to paragraph 1, the Initial Keybridge Shares shall be allotted and issued to the Scheme Participants pursuant to clause 3.7 pro-rata as nearly as may be to the number of PR Finance Shares held by each Scheme Participant at the Record Date and where the calculation of the total number of Initial Keybridge Shares to be allotted and issued to any Scheme Participant pursuant to clause 3.7 would result in the issue of a fraction of an Initial Keybridge Share then (subject always to paragraph 1):
 - (a) if the fraction is less than one-half, the number of Initial Keybridge Shares to be allotted and issued to such Scheme Participant is rounded down to the whole number below the number including the fraction; and
 - (b) if the fraction is one-half or greater, the number of Initial Keybridge Shares to be allotted and issued to such Scheme Participant is rounded up to the whole number above the number including the fraction.

Schedule 2

Further Scheme Consideration

1. In the event that, on or before the date being the first anniversary of the Implementation Date, PR Finance or Keybridge (as applicable) has entered into an agreement to sell all (or substantially all) of the share capital of PR Finance or its Subsidiaries (or a significant number of its Subsidiaries) or all or a significant portion of the assets or business of the PR Finance Group or any other transaction which has a similar effect (**Subsequent Control Transaction**) to one of the parties listed in Schedule 8 of the Scheme Implementation Agreement (or a Related Entity of one of those parties), for a consideration equal to or greater than the Target Consideration Amount then Keybridge will (at its election) by no later than the date being one hundred and twenty days after the date of completion of the Subsequent Control Transaction (**MVD Date**) either pay an amount equal to the aggregate amount of the MVD Consideration as more particularly described in paragraph 2 or allot and issue the MVD Shares to the Scheme Participants as more particularly described in paragraph 3.
2. In the event that Keybridge elects to pay an amount equal to the aggregate amount of the MVD Consideration, Keybridge will deposit (or procure the deposit of) an amount equal to the aggregate amount of the MVD Consideration in cleared funds into an Australian dollar denominated trust account operated by the Trustee, to be held on trust for the Scheme Participants for the purpose of paying the Scheme Consideration to each Scheme Participant, except that any interest on the amount deposited (less bank fees and other charges) will be to Keybridge's account. Subject to compliance with this paragraph 2, the provisions of clauses 3.4-3.6 (inclusive) of this Scheme shall apply to the MVD Consideration (mutatis mutandis).
3. In the event that Keybridge elects to allot and issue the MVD Shares, the MVD Shares to be allotted and issued by Keybridge to the Scheme Participants pursuant to paragraph 1 shall be such number of MVD Shares as has an aggregate market value of A\$1,000,000, such aggregate market value being calculated by reference to the total A\$ value of Issued Keybridge Shares traded on the ASX during the relevant period divided by the total number of Issued Keybridge Shares so traded during the relevant period, and for this purpose the relevant period will be the thirty trading days on the ASX ending on the date of issue of the MVD Shares. The provisions of paragraph 3 of schedule 1 to this Scheme shall apply to the MVD Shares (mutatis mutandis).

Annexure E

Notice of Scheme Meeting (Scheme Shareholders)

Notice of Court ordered Scheme Meeting of Scheme Shareholders of PR Finance Group Limited ACN 109 299 390 (PRF)

Notice is given that, by an order of the New South Wales registry of the Federal Court of Australia, a meeting of Scheme Shareholders of PRF will be held at PRF's offices at Suite 10, 10 Cloyne Road, Southport, Queensland 4215 on 14 June 2013 at 8.30 am (**Scheme Meeting**).

Business

The purpose of the Scheme Meeting is to consider, and if thought fit, to approve a scheme of arrangement (with or without modification) (**Scheme**) between PRF and the holders of Scheme Shares in PRF as at the Record Date (**Scheme Shareholders**) under part 5.1 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

To assist you in making an informed voting decision, further information on the Scheme is set out in the Scheme Booklet accompanying this notice. A copy of the Scheme is set out in Annexure D to the Scheme Booklet and its purpose and effect is explained throughout that document.

Terms used in this notice, including in the resolution set out below, have the same meaning as set out in the glossary of the Scheme Booklet which accompanies this notice.

Resolution

To consider and, if thought fit, to pass the following resolution:

*That, under section 411 of the Corporations Act, the scheme of arrangement proposed to be entered into between PRF and holders of its fully paid Scheme Shares (**Scheme**) is approved and the board of directors of PRF is authorised to agree to those modifications or conditions which are thought appropriate by the Federal Court of Australia (**Court**) and, subject to approval of the Scheme by the Court, to implement the Scheme with any of those modifications or conditions.*

The Scheme is subject to the approval of the Court under section 411(4)(b) of the Corporations Act. PRF intends to apply to the Court for approval of the Scheme, subject to this resolution being passed by the requisite majority at the Scheme Meeting.

Requisite majority

In accordance with section 411(4)(a)(ii) of the Corporations Act, this resolution must be passed by a majority in numbers of holders of Scheme Shares present and voting (either in person or by proxy) and representing at least 75% of the votes cast on the resolution. The vote will be conducted by poll.

Court approval

The Scheme (with or without modification) is subject to the approval of the Federal Court of Australia.

Dated:

Ken Wise
Company Secretary

Notes

Voting entitlement

Scheme Shares will be taken to be held by the persons who are the registered holders at 7.00pm on 12 June 2013. All Scheme Shareholders at that time are entitled to vote at the Scheme Meeting.

How to vote

Scheme Shareholders entitled to vote at the Scheme Meeting can vote:

- (a) by attending the meeting and voting in person;
- (b) by appointing an attorney to attend the meeting and vote on their behalf, or, in the case of corporate shareholders, a corporate representative to attend the meeting and vote on its behalf; or
- (c) by appointing a proxy to attend and vote on their behalf in their place, using the proxy form accompanying this notice of Scheme Meeting.

Voting in person (or by attorney or corporate representative)

Scheme Shareholders or their attorneys who plan to attend the Scheme Meeting should arrive at the venue by 8.00 am on 14 June 2013 so that shareholdings may be checked against the register and attendances noted. Attorneys should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

To vote in person at the Scheme Meeting, a corporation which is a Scheme Shareholder may appoint an individual to act as its representative. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of their appointment, including the authority under which it is signed.

Voting by proxy

- 1 A proxy form accompanies this notice of Scheme Meeting.
- 2 A Scheme Shareholder has a right to appoint a proxy.
- 3 The proxy need not be a PRF Shareholder.
- 4 A Scheme Shareholder entitled to cast two or more votes may appoint two proxies to attend and vote for them. If you want to appoint two proxies, an additional proxy form will be supplied by PRF on request. Where two proxies are appointed, both forms should be completed with the nominated proportion or number of votes each proxy may exercise. Otherwise each proxy may exercise half of the votes.
- 5 Proxy forms must be signed by the Scheme Shareholder or the Scheme Shareholder's attorney. If the Scheme Shareholder is a corporation, the proxy form must be signed by two directors or by a director and a secretary, or if it is a proprietary company that has a sole director who is also the sole secretary, by that director, or under hand of its attorney or duly authorised officer. Otherwise, the relevant authority (e.g. in the case of proxy forms signed by an attorney, the power of attorney) must either have been exhibited previously to PRF or be enclosed with the proxy form.

- 6 The proxy form sent to you with this notice of Scheme Meeting should be used for the Scheme Meeting. To be effective, the proxy form must be sent, delivered or faxed to:

Post or deliver to:	Ken Wise (PRF Company Secretary) PR Finance Group Limited PO Box 3100 SOUTHPORT QLD 4215
Fax to:	(07) 5585 4113
Email to:	kenw@prfinance.com.au
Date that proxy forms must be received by	8.30 am on 12 June 2013

Annexure F

Independent Expert's Report Addendum



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The Shareholders
C/- The Directors
PR Finance Group Limited
PO Box 3100
SOUTHPORT QLD 4215

9 May 2013

Dear Shareholders

ADDENDUM TO OUR INDEPENDENT EXPERT REPORT REGARDING THE KEYBRIDGE OFFER

BDO Corporate Finance (QLD) Ltd ('BDO CFQ') has been engaged by the directors ('the Directors') of PR Finance Group Limited ('PRFG') to prepare an addendum ('this Addendum') in relation to our independent expert's report issued to the shareholders of PRFG ('PRFG Shareholders') and dated 9 May 2013 ('the First Report'). The First Report relates specifically to the proposed acquisition of 100% of the issued capital in PRFG by Keybridge Capital Limited ('Keybridge') ('the Proposed Transaction').

This Addendum is to be read in conjunction with the First Report including the Financial Services Guide.

As noted in the First Report, PRFG's directors carried out a strategic review of the company's operations and engaged Deloitte Touche Tohmatsu ('Deloitte') in 2012 to explore the options available to the company, having considered the unfavourable debt position of PRFG and the requirements imposed on PRFG by its financiers.

We are advised that this process yielded two other offers (excluding the Proposed Transaction) which remain subject to negotiations ('the Alternative Offers'). The Alternative Offers have not been and are currently not open for acceptance by PRFG. However, subsequent to the preparation of the First Report, we have been advised that the negotiations relating to at least one of the Alternative Offers have progressed. In our view, in light of the progress in the negotiations it is prudent for us to provide shareholders with further details in relation to the Alternative Offers.

This Addendum sets out an overview of the Alternative Offers to provide PRFG Shareholders with further information in relation to the Alternative Offers to the Proposed Transaction. We have not been requested to provide, and have not provided, an opinion on the Alternative Offers as the Alternative Offers are not legally binding and are currently not open for acceptance by PRFG. Further, the Alternative Offers are in any event conditional on a range of factors. This position will be reviewed in the event that one or both of the Alternative Offers progress further and/or become open for acceptance by PRFG.

The Alternative Offers are summarised in Appendix A and Appendix B of this Addendum. The information set out in Appendix A and Appendix B is a description of the Alternative Offers as at the date of this Addendum and we note that the information is subject to change over time. If either one or both of the Alternative Offers were to progress to be in a form which is open for acceptance by PRFG, the terms of the Alternative Offers at that stage may be materially different to the descriptions set out in this Addendum.

In our view, the existence of the Alternative Offers, for as long as they remain not open for acceptance by PRFG, does not impact our opinion on the Proposed Transaction as expressed in the First Report.

Notwithstanding that we have not assessed and have not provided an opinion on the Alternative Offers, we note for completeness that there are a number of general risks inherent in the Alternative Offers which could result in commercial outcomes ultimately arising which were not initially intended or anticipated by PRFG.

These risks include:

- Events arising that may provide reasons for the offer price and terms of the Alternative Offers to be renegotiated;
- Risk that the Alternative Offers may not ultimately be formalised, executed and completed;
- Risk that even if the Alternative Offers are progressed and binding offer documents are executed, the relevant Alternative Offer may not progress to completion, due to one or more conditions precedent failing to be satisfied by the relevant conditions date; and
- Risk that the completion date of the Alternative Offers is delayed and PRFG continues to be subject to the risks associated with high debt levels, including administration and receivership.

PRFG is currently in a position of financial distress, as detailed in our First Report. It is our view that certainty of completion, time to completion and certainty of terms are particularly important considerations at the current time.

This Addendum only considers matters relevant to PRFG Shareholders in their capacity as holders of the equity in PRFG.

BDO Corporate Finance (QLD) Ltd

Steven Sorbello
Director

Appendix A - The Alternative Offer from Party A

This Appendix A sets out a broad summary of the Alternative Offer from Party A notwithstanding that we have been advised by the Directors of PRFG that the offer is currently not open for acceptance by PRFG. We note that this appendix sets out a summary only. We have not assessed or expressed an opinion on this offer from Party A.

For completeness we note that PRFG had received an initial offer from Party A in September 2012 which was ultimately not submitted to Party A's investment committee. On 11 April 2013, Party A (with the support of PRFG) submitted a revised offer to its investment committee. This revised offer is referred to as the Alternative Offer from Party A in this Addendum.

We understand that the offer remains subject to Party A's internal approval process and no binding agreement has been entered into. We understand that PRFG has indicated to Party A that the current commercial terms are inferior to the Proposed Transaction but the PRFG Directors remain open to receiving a revised offer.

In the event the Alternative Offer from Party A progresses to a stage where it is open for acceptance by PRFG, we understand that PRFG Shareholders will be provided with, and recommend that PRFG Shareholders refer to, further information that will be prepared by PRFG and distributed to PRFG Shareholders at the relevant time.

Table A.1 below sets out some of the key terms of the Alternative Offer from Party A as Party A has proposed as at the date of this Addendum.

Table A.1: Key Terms of the Alternative Offer from Party A

Offer Term	Detail
Assets and/or liabilities proposed to be acquired	<ul style="list-style-type: none"> In broad terms, the Alternative Offer from Party A relates to the acquisition of the portion of PRFG's business which comprises the Motor Vehicle Division ('MVD') only, specifically the entities which relate to Motor Finance Wizard ('MFW'), Affordable Car Centre ('ACC') and Kwik Finance ('Kwik'). Under the Alternative Offer from Party A, PRFG Shareholders would retain the remainder of PRFG's business operations ('the Retained Business') which includes PRFG's interest in FAA Automotive Australia Pty Ltd ('FAA') and the non vehicle consumer finance division ('NVCFD') which operates under the AMX Money ('AMX') brand.

Offer Term	Detail
<p>Consideration proposed to be paid</p>	<ul style="list-style-type: none"> • The consideration under the Alternative Offer from Party A consists of the following components: <ol style="list-style-type: none"> a) cash consideration of \$52,000,000 subject to any post completion adjustments that may be required for items including working capital; and b) An additional cash amount of up to \$2 million payable pursuant to certain earn-out provisions (described below) being satisfied. • The earn-out provisions relate to two 12 month periods over the two years from the completion of the transaction under the Alternative Offer from Party A. The earn-out amount payable is to be calculated based on the MVD businesses' adjusted earnings before interest and tax ('Adjusted EBIT') for the relevant period(s). • For the 12 month period commencing on the completion of the transaction ('the First Earn-Out Period') – an amount equal to 12% of Adjusted EBIT for the First Earn-Out Period, capped at \$1,000,000. • For the 12 month period commencing on the first anniversary of the completion of the transaction ('the Second Earn-Out Period') – an amount, capped at \$1,000,000, and equal to the aggregate of: <ul style="list-style-type: none"> ○ 12% of the Adjusted EBIT for the Second Earn-Out Period; and ○ any amount of the Adjusted EBIT earned in the First Earn-Out Period in excess of \$1,000,000. • One-third of each of the earn-out payments that become payable to the PRFG under the terms of the Alternative Offer from Party A, will be paid directly to PRFG (i.e. an amount of up to \$333,300 for each earn-out payment). The remaining two-thirds of each earn-out payment will be paid by Party A and held in escrow to be used to satisfy any claims under the indemnities in the agreement. Depending on the presence or nature of any such claims, a portion of the escrowed funds will be paid to PRFG each year on the 2nd and 3rd anniversaries of the completion of the transaction with all remaining escrowed funds (if any) that have not been used in satisfaction of any claims or not previously paid to PRFG being released to PRFG on the 4th anniversary of the completion of the transaction.
<p>Mechanics of the transaction</p>	<ul style="list-style-type: none"> • The sale of PRFG's MVD businesses under the Alternative Offer from Party A is proposed to be carried out by Party A acquiring 100% of the shares of Affordable Car Leasing Pty Ltd ('ACL'), a wholly owned subsidiary of PRFG. • Prior to the completion of the transaction, PRFG will be required to undertake a restructure whereby each of the relevant entities which comprise PRFG's MVD businesses will become wholly owned subsidiaries of ACL. • The relevant entities which comprise the MVD businesses are currently wholly owned direct subsidiaries of PRFG.
<p>Key dates</p>	<ul style="list-style-type: none"> • Conditions Date — The date by which the conditions precedent to the completion of the transaction under the Alternative Offer from Party A are required to be satisfied or waived by. This date has not yet been agreed. • Completion Date — The scheduled date of completion of the transaction under the Alternative Offer from Party A. This date has not yet been agreed but the transaction is expected to be completed on or before 30 June 2013, subject to any alternative agreement by the parties.

Offer Term	Detail
Conditions precedent	<ul style="list-style-type: none">• The completion of the transaction with Party A is conditional on a number of Conditions which include:<ul style="list-style-type: none">a) approval by Shareholders of PRFG;b) the termination and release by PRFG and any relevant third parties of all finance facilities and related encumbrances and guarantees relating to or given by a MVD entity (or documents evidencing the intention for the facilities to be released upon the payment by PRFG of all outstanding finance amounts on or before the completion of the transaction);c) the completion of the restructure of PRFG whereby each of the relevant entities which comprise PRFG’s MVD businesses will become wholly owned subsidiaries of ACL;d) obtaining the consent of all relevant landlords to the transaction with Party A under the relevant leases for the MVD businesses;e) no event occurring or becoming known that has or could reasonably be expected to have a material adverse effect on the MVD entities, including changes in law or regulatory regimes impacting on the conduct of the MVD businesses;f) the termination of any contracts or arrangements (including employment or contractor contracts) in relation to Peter Llewellyn and Rod James (or their related entities) by PRFG, and the transfer of any liabilities, including money, entitlements, or other benefits due or owed in connection with any such contract or arrangement, or any other employees or contractors of PRFG that are noted in the accounts for any of the entities which comprise the MVD;g) the execution and delivery of numerous ancillary documents including:<ul style="list-style-type: none">i. a warranty certification certificate by PRFG; andii. a funding commitment letter under which Party A commits to provide or procure the agreed funding for the MVD businesses during the period from the completion of the transaction to the end of the First Earn-Out Period.• The conditions must be satisfied or waived by the Conditions Date (refer to key dates set out above). In the event that not all the conditions are satisfied (or waived by the relevant party) prior to the Conditions Date, the benefiting party will have the right to terminate the agreement and discontinue the transaction.• PRFG is subject to a requirement to ensure that each MVD entity continues to conduct the MVD businesses in the usual and ordinary course during the period between the signing of the agreement and the completion of the transaction, as well as a number of more specific restrictions in respect of the MVD entities and MVD businesses during that period, unless Party A provides its consent.

Offer Term	Detail
Warranties and indemnities	<ul style="list-style-type: none"> • Under the terms of the Alternative Offer from Party A, PRFG is required to give numerous warranties and indemnities including in relation to a broad range of aspects of the MVD businesses to Party A. PRFG’s maximum liability under these warranties and indemnities is equal to the purchase price except in the case of fraud, in which case PRFG’s liability is unlimited. • Claims for breach of warranties must be made prior to the expiry of 28 months from the completion of the transaction (in the case of any tax warranties the expiry of the claims period is five years from the completion of the transaction). • Under the terms of the Alternative Offer from Party A, Party A is required to take out and maintain a buyer’s warranty and indemnity insurance policy to cover any warranty claims against PRFG on terms acceptable to PRFG. However, PRFG will be liable for a maximum of \$250,000 for any claims for breach of, or default in respect of, any warranty and any claims under the indemnity relating to any claims for which are covered by Party A’s insurance policy and which, in aggregate, exceed \$500,000.
Restraints	<ul style="list-style-type: none"> • The terms of the Alternative Offer from Party A contain a non-compete clause under which PRFG agrees that it and each of its affiliates will not: <ul style="list-style-type: none"> a) carry on, promote, be concerned or interested or provide any financial assistance to a business that is the same as or substantially similar to or competitive with the MVD businesses; b) directly or indirectly solicit for employment any employees or service providers (both current and future) of any MVD entities; c) directly or indirectly solicit the business of any person who is at the completion of the transaction, or in the 24 month period prior to the completion of the transaction was, a customer of a MVD entity or any MVD business; d) represent itself as being connected or associated with, or use a name that is similar to the present name, of a MVD entity, or do anything to harm the reputation of a MVD entity; or e) use or permit any of the MVD businesses intellectual property to be used without Party A’s prior consent; <p>within Australia for a period of 5 years after the completion of the transaction, with the exception of continuing to conduct or carry on the Retained Business.</p>

Offer Term	Detail
Other agreements and transaction documents	<ul style="list-style-type: none"> Transition Services Agreement — Under the terms of the Alternative Offer from Party A, PRFG and Party A will enter into a transition services agreement on or before the completion of the transaction to govern the arrangement for the relevant MVD entities to continue to provide certain services to PRFG or existing PRFG Shareholders from the completion of the transaction. A licence to use the head office premises in Southport, Queensland, and any business systems used in the conduct of the Retained Business prior to the completion of the transaction, will also be granted to PRFG or relevant shareholders of PRFG under the transition services agreement. Intellectual Property Assignment Deed — Under the terms of the Alternative Offer from Party A, PRFG and Party A will enter into an intellectual property assignment deed on or before the completion of the transaction assigning all intellectual property used by ACL or an MVD entity or in the MVD businesses that is not owned by a MVD entity before the completion of the transaction. Independent Contractor Agreements — Each of Rod James and Peter Llewellyn will enter into independent contractor agreements with Party A in respect of their engagement by Party A as joint chief executive officers of ACL. The terms of the arrangements will be no more favourable than the terms of the current contractor arrangements between PRFG and Rod James and Peter Llewellyn.

Source: PRFG's Management and Legal Advisors

Appendix B - The Alternative Offer from Party B

This Appendix B sets out a broad summary of the Alternative Offer from Party B notwithstanding that we have been advised by the Directors of PRFG that the offer is subject to further discussions around key commercial terms, is highly conditional, is not in a form that is capable of acceptance by PRFG. For these reasons, and for completeness, we note that the Directors do not consider the Alternative Offer from Party B in its current form to be superior to the Proposed Transaction. We note that this section sets out a summary only. We have not assessed or expressed an opinion on this offer from Party B.

We are advised that the negotiations in relation to the Alternative Offer from Party B remain open to material changes and that there is significant uncertainty in relation to the terms of the offer.

In the event the Alternative Offer from Party B progresses to a stage where it is open for acceptance by PRFG, we understand that PRFG Shareholders will be provided with, and recommend that PRFG Shareholders refer to, further information that will be prepared by PRFG and distributed to PRFG Shareholders at the relevant time.

Notwithstanding the matters mentioned above, Table B.2 below sets out some of the key terms of the Alternative Offer from Party B as Party B has proposed as at the date of this Addendum.

Table B.2: Key Terms of the Alternative Offer from Party B

Offer Term	Detail
Assets and/or liabilities proposed to be acquired	<ul style="list-style-type: none"> • In broad terms, the Alternative Offer from Party B relates to the acquisition of 100% of the shares in each of the PRFG subsidiaries through which the Motor Finance Wizard motor vehicle leasing business ('MFW') and MFW dealerships are operated, including the Kwik Finance ('Kwik') business. • Under the Alternative Offer from Party B, PRFG Shareholders would retain the remainder of PRFG's business operations ('the Retained Business') which includes PRFG's interest in ACC, FAA, and the non vehicle consumer finance division which includes AMX.
Consideration proposed to be paid	<ul style="list-style-type: none"> • The consideration under the Alternative Offer from Party B consists of the following components: <ol style="list-style-type: none"> a) A cash component of \$2,000,000; plus b) A terminated employee pay-out amount subject to an analysis of employee entitlements, capped at \$1,000,000; and c) An earn-out payment of \$4,000,000 payable on the fourth anniversary of the completion of the transaction. The conditions required to be satisfied in order to receive the earn-out payment are still subject to negotiations as at the date of this Addendum. • Under the Alternative Offer from Party B, Party B is likely to assume or repay PRFG's senior and mezzanine debt facilities which are currently held by Commonwealth Bank of Australia and Keybridge respectively.
Mechanics of the transaction	<ul style="list-style-type: none"> • These have not been finalised and are subject to negotiations as at the date of this Addendum.

Offer Term	Detail
Key dates	<ul style="list-style-type: none"> • These have not been finalised and are subject to negotiations as at the date of this Addendum. However, Party B has indicated that it expects that completion could occur on or before 30 June 2013.
Conditions precedent	<ul style="list-style-type: none"> • The Alternative Offer from Party B is conditional on a number of matters, including: <ol style="list-style-type: none"> a) Party B securing third party funding; b) Party B completing due diligence in relation to PRFG; c) Various investment and credit committee approvals; d) Party B's board approval; and e) Approval by PRFG Shareholders.
Warranties and indemnities	<ul style="list-style-type: none"> • These have not been finalised and are subject to negotiations as at the date of this Addendum.
Restrains	<ul style="list-style-type: none"> • These have not been finalised and are subject to negotiations as at the date of this Addendum.
Other agreements and transaction documents	<ul style="list-style-type: none"> • These have not been finalised and are subject to negotiations as at the date of this Addendum.

Source: PRFG's Management and Legal Advisors

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