KEYBRIDGE
CAPITAL LIMITED

15 July 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 Supplementary 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™

Supplementary Scheme Booklet
(Ratification Scheme Meeting)

PR Finance Group Limited
ACN 109 299 390

In relation to 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**) proposed in a Scheme Booklet dated 14 May 2013.

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

The notice of the Ratification Scheme Meeting is set out in Annexure D to this Supplementary Scheme Booklet.

The Directors recommend that, in the absence of a Superior Proposal, PRF Shareholders vote to ratify the vote approving the Scheme which was passed at the Scheme Meeting held on 14 June 2013. The Directors intend to vote to ratify the vote approving 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 fair and reasonable and is in the best interests of the PRF Shareholders.

Your vote is important in determining whether the Scheme proceeds.

This Supplementary Scheme Booklet supplements disclosure in the Scheme Booklet dated 14 May 2013. You should read the Scheme Booklet and this Supplementary Scheme Booklet in their entirety before deciding how to vote on the resolution to be considered at the Ratification Scheme Meeting. If you are not sure what to do, you should consult your investment or other professional adviser.

A copy of the Scheme Booklet that was sent to PRF Shareholders on 14 May 2013 is available from PRF's Company Secretary upon request.

Legal Adviser
McCullough Robertson Lawyers

Lawyers McCullough Robertson

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Additional key dates for PRF Shareholders

Event	Date
Effective Date for the Scheme (transfers of PRF Shares will not be registered after this date)*	25 June 2013
Record Date (PRF Shareholders on the register at 5.00 pm on this date will be entitled to the Scheme Consideration)*	25 June 2013
Implementation Date**	28 June 2013
Last date and time to lodge proxies for Ratification Scheme Meeting	10 August 2013 at 9.00 am
Date and time for deciding eligibility to vote at Ratification Scheme Meeting	10 August 2013 at 7.00 pm
Ratification Scheme Meeting (Scheme Shareholders)	12 August 2013 at 9.00 am
Ratification Court Hearing***	14 August 2013
Physical Delivery Date****	16 August 2013
Trading of Keybridge Shares commences	21 August 2013

All dates are indicative only and are subject to change.

* As a result of the order by the Court to adjourn the application to approve the Scheme at the Second Court Hearing, if the Scheme is approved by the Court at the Ratification Court Hearing, the Court has indicated that it would be prepared to consider exercising its power to make an order that the Effective Date for the Scheme will be the Record Date as was originally stated in the Scheme Booklet (i.e. 25 June 2013) and will take effect as from that time.

** The Implementation Date will be the same date as that originally stated in the Scheme Booklet.

*** The Second Court Hearing was held on 20 and 21 June 2013. At this hearing, the Court adjourned the application and on 11 July ordered that the Ratification Scheme Meeting be convened. Further details are set out in this Supplementary Scheme Booklet.

**** On the Physical Delivery Date:

(a) 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 and this amount will be paid by PRF to each Scheme Shareholder from the Scheme Consideration Trust Account in accordance with their entitlements; and

(b) the Keybridge Shares will be transferred to PRF Shareholders.

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

Important notices

This Supplementary Scheme Booklet

This Supplementary Scheme Booklet supplements disclosure in the Scheme Booklet dated 14 May 2013. You should read the Scheme Booklet and this Supplementary Scheme Booklet in their entirety before deciding how to vote on the resolution to be considered at the Ratification Scheme Meeting. If you are not sure what to do, you should consult your investment or other professional adviser.

A copy of the Scheme Booklet that was sent to PRF Shareholders on 14 May 2013 is available from PRF's Company Secretary upon request.

Responsibility for information

The information in this Supplementary Scheme Booklet, other than the Keybridge Information and the Independent Expert Information has been provided by, and is the responsibility of, PRF. None of PRF's advisers assume any responsibility for the accuracy or completeness of that information.

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

ASIC involvement

A copy of this Supplementary Scheme Booklet has been given to ASIC. ASIC takes no responsibility for the content of this Supplementary Scheme Booklet.

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

At the court hearing on 11 July 2013, the Court ordered PRF to convene the Ratification Scheme Meeting to consider and ratify the vote approving the Scheme which was passed at the Scheme Meeting held on 14 June 2013. The notice convening the Ratification Scheme Meeting is set out in Annexure D of this Supplementary Scheme Booklet. The fact that the Court has ordered that the Ratification 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 Supplementary Scheme Booklet, which forms the explanatory statement attached to the Notice of Ratification Scheme Meeting.

The Court's order for the convening of the Ratification 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 Supplementary 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, 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 Supplementary Scheme Booklet and the Scheme Booklet.

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 Supplementary Scheme Booklet are made at the date of this Supplementary 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 Supplementary 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 Supplementary Scheme Booklet and the Scheme are subject to Australian disclosure requirements which may be different from those applicable in other jurisdictions. This Supplementary 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 Ratification Scheme Meeting. 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 Ratification Scheme Meeting or implementing the Scheme. PRF Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Ratification Scheme Meeting should inform that individual of these information matters.

Defined Terms

Capitalised terms used in this Supplementary Scheme Booklet have the meaning given to them in the Scheme Booklet, unless otherwise defined in this Supplementary Scheme Booklet.

Date

This Supplementary Scheme Booklet is dated 12 July 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

12 July 2013

Dear PRF Shareholder

This Supplementary Scheme Booklet is an update to the Scheme Booklet dated 14 May 2013, and contains further information in relation to Keybridge's offer to acquire 100% of PRF Shares under a scheme of arrangement. If you have not received a copy of the Scheme Booklet or have lost it, you can request another copy from the Company Secretary.

Adjournment of Court approval of the Scheme

As set out in the notice that was sent to PRF Shareholders after the Scheme Meeting on 14 June 2013, the resolution to approve the Scheme was passed by the required statutory majority at the Scheme Meeting, being a majority in number of shareholders present and voting at the Scheme Meeting and at least 75% of the votes cast and entitled to vote on the Scheme Resolution.

The results of the poll conducted at the Scheme Meeting were:

	For	Against	Abstain	Total
Votes cast	133,701,000	6,005,609	Nil	139,706,609
Holders voting	24	1	Nil	25
% of votes cast	95.7%	4.3%	Nil	100%
% of registered shareholders	96.0%	4%	Nil	100%

Notwithstanding this approval, the Court refused to exercise its discretion to approve the Scheme at the Second Court Hearing, on the basis that the Court considered that the failure by PRF to provide PRF Shareholders with the audited financial accounts for the financial year ending 30 June 2012 not less than 10 days prior to the Scheme Meeting (which had been indicated would be done in section 5.5 of the Scheme Booklet), constituted a breach by PRF to disclose material information to shareholders.

Accordingly, the Court ordered that the application to approve the Scheme be adjourned in order to enable:

(a) PRF to convene and hold a further meeting of PRF Shareholders at which the resolution passed at the Scheme Meeting, approving the Scheme, is ratified (**Ratification Scheme Meeting**);

(b) the Ratification Scheme Meeting to be held at a time when the audited accounts for the year ending 30 June 2012 are available (**Audited FY12 Accounts**);

(c) PRF to lodge the Audited FY12 Accounts with ASIC not less than 10 days before the Ratification Scheme Meeting;

(d) PRF to prepare and provide PRF Shareholders with a supplementary scheme booklet setting out any material matters in the Audited FY12 Accounts to which attention should be drawn;

(e) the resolution at the Ratification Scheme Meeting ratifying the earlier resolution in favour of the Scheme (**Ratification Resolution**) must be passed by the same statutory majorities as was required to pass the resolution at the Scheme Meeting; and

(f) the Ratification Scheme Meeting to be held no later than 15 August 2013, or such later date as the Court may approve,

(**Court Ratification Conditions**).

If the Court Ratification Conditions are satisfied, the Court has indicated that it would consider exercising its discretion to approve the Scheme at the Ratification Court Hearing and make an order that the order approving the Scheme take effect as from the Record Date specified in the Scheme Booklet (that is, 25 June 2013) so that the Scheme is taken to be implemented on and from 28 June 2013, in accordance with the original timetable.

If the Court Ratification Conditions are satisfied, including the approval of the Ratification Resolution at the Ratification Scheme Meeting, and the Court approves the Scheme at the Ratification Court Hearing, the Scheme will be taken to be effective as at 25 June 2013 and will be implemented in accordance with the process that was set out in the Scheme Booklet and the Scheme. Keybridge has indicated to PRF that it will only continue with the Scheme if the Court proposes to make orders having that effect.

Directors' unanimous recommendation

The Directors continue to unanimously recommend that the PRF Shareholders vote in favour of the Ratification Resolution at the Ratification Scheme Meeting, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Ratification Resolution at the Ratification Scheme Meeting for the PRF Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal. At the date of this Supplementary Scheme Booklet, the Board has not received a Superior Proposal.

The reasons for the Independent Directors' recommendation in favour of the Scheme have not changed. These reasons and other relevant considerations for PRF Shareholders are set out in section 2 of the Scheme Booklet.

Update on other information in respect of the Scheme

PRF Group financial performance

The Audited FY12 Accounts were approved on 1 July 2013 and were lodged with ASIC on 2 July 2013. A copy of the Audited FY12 Accounts was also sent to all PRF Shareholders on 2 and 3 July 2013.

The auditor has given a disclaimer of opinion in relation to the impairment of the motor vehicle division and in respect the PRF Group's ability to continue to operate as a going concern. Details of these matters are set out in section 2.2 of this Supplementary Scheme Booklet.

The financial information provided in section 5 of the Scheme Booklet (and reviewed by the Independent Expert as part of its preparation of the Revised Independent Expert's Report) was based on the draft FY12 accounts that had been provided to the auditor in April 2013 (**Draft FY12 Accounts**).

A summary of the material differences between the Draft FY12 Accounts and the Audited FY12 Accounts is set out in section 2.4 of this Supplementary Scheme Booklet, however, notwithstanding these differences, and the updated information that has been disclosed in section 2.3 of this Supplementary Scheme Booklet, the Directors have not changed their recommendations regarding the Scheme.

Ongoing involvement with PRF by PRF Directors if Scheme proceeds

As was indicated in section 11.1 of the Scheme Booklet, if the Scheme is implemented each of the current PRF Directors will be resigning as Directors of PRF. 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) on 18 June 2013 entered into amended independent contractor agreements with PRF on terms that include a reduction in the annual contractor fee payable from $710,000 to $400,000, a reduction in the termination notice period from 24 months to three months, six weeks paid leave, provision of a corporate credit card with a $5,000 limit for business expenses, and continued use of a lap top computer, iPad and iPhone during their engagement and upon termination. These terms are discussed in more detail in section 3.3 of this Supplementary Scheme Booklet.

Further, as was also indicated in section 11.1 of the Scheme Booklet, if the Scheme is implemented, Mr Llewellyn and Mr James (and each of their related independent contractor entities) will be entitled to payments in respect to their contractual entitlements (that have been accrued but not paid by PRF), as amended in the manner disclosed in section 11.1 of the Scheme Booklet.

Marubeni Transaction

As detailed in the Scheme Booklet, the Independent Expert's Report and Addendum in annexures A and F of the Scheme Booklet, and the notification sent to PRF Shareholders after the Scheme Meeting, PRF has been in ongoing negotiations with Marubeni in relation to an acquisition of the motor vehicle division of PRF, comprising the Motor Finance Wizard and Affordable Car Centre businesses (**Marubeni Sale**).

CBA had previously notified PRF that its ongoing support is conditional on PRF entering into and completing an agreement in respect of the Marubeni Sale as soon as possible. It is not possible to complete a Marubeni Sale without the consent and support of Keybridge on the basis that Keybridge would need to release its securities over PRF's subsidiaries which are being acquired by Marubeni under the terms of the Marubeni Sale. Keybridge has informed PRF that it does not intend to release its securities over the relevant subsidiaries unless and until the Scheme is implemented. However Keybridge has consented to PRF entering into an agreement in respect of the Marubeni Sale provided it includes implementation of the Scheme as a condition precedent to completion.

Negotiations between PRF, Marubeni and Keybridge have now further progressed and PRF and Marubeni have entered into a sale agreement for the Marubeni Sale which will not become effective and complete until after the Scheme has been implemented.

CBA notified PRF on 9 July 2013 that it has not consented to the sale agreement entered into with Marubeni on its current terms, that entry into the agreement constitutes a further default under the CBA Facilities and that it continues to reserve its rights. CBA has also maintained its position that it does not intend to consent to the Scheme.

The terms of the Marubeni Sale are the same as set out in the section entitled '*The Alternative Offer from Party A*' in the Independent Expert's Report Addendum attached as annexure F of the Scheme Booklet as well as being restated in Appendix D of the Revised Independent Expert's Report included in Annexure A of this Supplementary Scheme Booklet (discussed further below).

A summary of the parties' negotiations in relation to the proposed Marubeni Sale is set out in section 3.1 of this Supplementary Scheme Booklet.

PRF Shareholders should note that on the basis of the current terms of the Marubeni Sale documentation, the purchase price under the proposed Marubeni Sale does not satisfy the definition of '*Target Consideration Amount*' that was described in the Scheme Booklet, and as such, the Subsequent Control Transaction Consideration Amount will not be payable to Scheme Participants if the Marubeni Sale is completed. This is consistent with the position set out in the notification to PRF Shareholders on 14 June

2012. The reason for this is due to the working capital adjustment mechanism under the Marubeni Sale documentation which will result in the Target Consideration Amount not being met.

It was stated in the Scheme Booklet that there was significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it was dependent upon the successful completion of a subsequent transaction with an independent third party. Due to this uncertainty, the Independent Expert did not attribute any value to the Subsequent Control Transaction Consideration Amount in the Independent Expert's Report provided in the Scheme Booklet and has maintained this position in the Revised Independent Expert's Report.

Ongoing involvement with PRF by key executives if Marubeni Sale completes

Marubeni has indicated that if the Marubeni Sale completes it intends to offer to engage Peter Llewellyn and Rod James (through their respective contracting entities) and both Peter Llewellyn and Rod James have indicated they would accept such an offer.

Under the terms of the independent contractor arrangements between PRF and each of Peter Llewellyn and Rod James (through their respective contracting entities) which would come into effect if the Scheme completes (discussed above and at section 3.3 of this Supplementary Scheme Booklet), PRF is entitled to immediately terminate (at no cost to PRF) the proposed arrangements with those parties if those parties enter into arrangements with Marubeni. Keybridge has indicated that it would procure PRF to exercise those rights of termination in the event that Marubeni did engage Peter Llewellyn and Rod James (through their respective contracting entities or otherwise).

The proposed arrangements between Marubeni and each of Peter Llewellyn and Rod James (through their respective contracting entities) is a base annual fee of $250,000 with a bonus entitlement of $250,000 upon certain performance hurdles being met.

Independent Expert's recommendation

PRF has requested that the Independent Expert review its opinion provided in the Scheme Booklet that the Scheme is not fair but reasonable and is in the best interests of PRF Shareholders as a result of the above matters. As a result of this review, the Independent Expert has provided a revised Independent Expert's Report (**Revised Independent Expert's Report**) taking into account the changes regarding PRF and the Scheme since the Independent Expert's Report and Addendum were provided for the Scheme Booklet and has now determined that the Scheme **is fair and reasonable and in the best interests of PRF Shareholders.**

The main reason for this change is primarily attributed to a reduction in PRF's loan assets since the original Independent Expert's Report was prepared which has resulted in the difference between the value of PRF Shares against that of the Scheme Consideration to be reduced. The Revised Independent Expert's Report is set out in Annexure A of this Supplementary Scheme Booklet and should be read as a replacement to the Independent Expert's Report and Addendum provided with the Scheme Booklet. A summary of the Independent Expert's considerations and the key changes in the Revised Independent's Expert Report is set out in section 4.10 of this Supplementary Scheme Booklet.

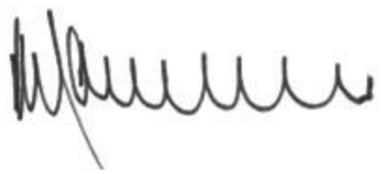
Action you should take

A Scheme Booklet dated 14 May 2013 containing all information relevant to the Scheme was sent to PRF Shareholders. Other than as outlined in this Supplementary Scheme Booklet, no other terms or conditions of the Proposal have changed. Shareholders are encouraged to read this Supplementary Scheme Booklet together with the Scheme Booklet (including the Revised Independent Expert Report) carefully in full and, if required, to seek their own investment or other professional advice.

I encourage you to read this Supplementary Scheme Booklet and the Scheme Booklet in full and vote to approve the Ratification Resolution by attending the Ratification Scheme Meeting, or if you are unable to attend, by completing and returning a proxy form by 10 August 2013.

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



Peter Llewellyn
Chairman
PR Finance Group Limited

Answers to additional key questions

What is the 'Ratification Resolution'?	The Ratification Resolution is a resolution to be passed by the statutory majorities of PRF Shareholders approving the ratification of the approval of the Scheme at the Scheme Meeting (that was passed by the requisite statutory majorities or PRF Shareholders) that was held on 14 June 2013. At the Scheme Meeting, the resolution to approve the Scheme was passed by 133,701,000 votes representing 95.7% of votes cast by 24 holders representing 96.0% of registered shareholders. There were 6,005,609 votes representing 4.3% of votes cast by 1 holder representing 4% of the holders that were directed against the resolution at the Scheme Meeting.
Why is the Ratification Scheme Meeting being held?	At the Second Court Hearing the Court ordered that the application to approve the Scheme be adjourned until a later date in August 2013 to enable PRF to satisfy the Court Ratification Conditions which included finalising the Audited FY12 Accounts and convening and holding the Ratification Scheme Meeting. The Ratification Scheme Meeting is being held for PRF Shareholders to ratify the resolution that was passed at the Scheme Meeting held on 14 June 2013 approving the Scheme.
Why did the Court refuse to approve the Scheme at the Second Court Hearing?	The Court considered that the PRF Shareholders should have been provided with the Audited FY12 Accounts at least 10 days prior to the Scheme Meeting (as had been indicated in the Scheme Booklet), and that the absence of such accounts meant that PRF Shareholders did not have all material information needed in order to make the decision whether or not to approve the Scheme at the Scheme Meeting.
Why were the Audited FY12 Accounts not provided to PRF Shareholders prior to the Scheme Meeting?	At the time the Scheme Booklet was drafted and sent to PRF Shareholders on 14 May 2013, it was intended the audit of FY12 accounts would be finalised and signed by the directors and an audit report issued and be available to ASIC and PRF Shareholders within the indicated time frame. Notwithstanding this intention, as a result of a number of matters occupying PRF's attention, including significant work associated with the negotiations and due diligence investigations arising from a number of alternative proposals (including ongoing negotiations with Marubeni), ongoing communications with CBA, PRF's senior lender, provision of information for the auditors in relation to the Draft FY12 Accounts and the pressures arising from PRF's financial position, the obligation to lodge the accounts with ASIC 10 days prior to the Scheme Meeting was not met.
Who is entitled to vote at the Ratification Scheme Meeting?	All PRF Shareholders on the share register at 7.00 pm on 10 August 2013 will be entitled to vote as one class at the Ratification Scheme Meeting.
What voting majority is required to approve the ratification resolution at the Ratification Scheme Meeting?	The ratification resolution must be approved at the Ratification Scheme Meeting by: (a) a majority in number (i.e. more than 50%) of PRF Shareholders who are present and voting at the Ratification Scheme Meeting (in person or by proxy); and (b) persons who hold at least 75% of the votes that are cast at the

	Ratification Scheme Meeting. These are the same majorities that were required to approve the Scheme at the Scheme Meeting.
Should I vote at the Ratification Scheme Meeting?	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 Ratification Resolution at the Ratification Scheme Meeting may not be achieved and the Scheme will not proceed. See the *'How to Vote'* section on page 12 for details on how to vote in person and by proxy.
Why should I vote in favour of ratifying the resolution to approve the Scheme?	The Directors recommend that you vote in favour of the Ratification Resolution, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Ratification Resolution 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 fair and reasonable and is in the best interests of PRF Shareholders. The Independent Expert's conclusion has changed since the Independent Expert's Report and Addendum was provided in the Scheme Booklet. A copy of the Revised Independent Expert Report is included as Annexure A to this Supplementary Scheme Booklet. Other reasons why you may vote in favour of the Scheme are set out in section 2.1 of the Scheme Booklet.
Why might I vote against ratifying the resolution to approve the Scheme?	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. Other reasons why you may vote against the Scheme are set out in section 2.2 of the Scheme Booklet.
What happens if I vote against ratifying the resolution to approve the Scheme?	Just because you vote against ratifying the resolution to approve the Scheme does not mean that the Scheme will not be implemented. If the Ratification Resolution is approved by the requisite majority of PRF Shareholders at the Ratification Scheme Meeting and the Scheme is approved by the Court at the Ratification Court Hearing, your PRF Shares will be transferred to Keybridge even though you have voted against the Ratification Resolution and you will receive the Scheme Consideration for the PRF Shares that you hold at the Record Date.
What happens if I do not vote at the Ratification Scheme Meeting?	Even if you do not vote, if the Ratification Resolution is approved by the requisite majority of PRF Shareholders at the Ratification Scheme Meeting and the Scheme is approved by the Court at the Ratification Court Hearing, 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.
If the approval of the Scheme is ratified, when will I receive my Initial Scheme Consideration?	If the Scheme is implemented you will receive your Initial Scheme Consideration on the Physical Delivery Date.
What did the	In the Scheme Booklet, the Independent Expert concluded that the

Independent Expert conclude?	Scheme is not fair but reasonable and is in the best interests of PRF Shareholders. As a result of the matters that have arisen since the Independent Expert's Report was first provided, the Independent Expert has issued a Revised Independent Expert's Report and has concluded that the Scheme is fair and reasonable and is in the best interests of PRF Shareholders. This means that the Independent Expert has determined that the Scheme Consideration is within the range of value calculated for the PRF Shares (which has changed from a determination that the Scheme Consideration was not equal to or greater than the value of the PRF Shares). This determination has been made on the basis of a reduction in the value attributable to PRF Shares resulting from a decrease in PRF's loan assets in the period since the Independent Expert's Report was first prepared. The Revised Independent Expert's Report is set out as Annexure A of this Supplementary Scheme Booklet.
Who can help answer my questions?	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.

How to Vote

Ratification Scheme Meeting

The Ratification Scheme Meeting will be held at 9.00 am on 12 August 2013 at PRF's offices at Suite 10, 10 Cloyne Road, Southport, Queensland 4215.

All parties who are registered as PRF Shareholders on 10 August 2013 at 7.00 pm will be eligible and entitled to vote at the Ratification Scheme Meeting.

Majority required to pass the Ratification Resolution

The Ratification Resolution at the Ratification 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 Ratification Scheme Meeting.

If the Ratification Resolution is passed (and all other Court Ratification Conditions have been satisfied), the Court will then be asked to approve the Scheme.

What should you do?

(a) Read this Supplementary 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 8.30 am on 12 August 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

A proxy form accompanies this Supplementary 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 9.00 am Queensland time on 10 August 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:	10 August 2013 at 9.00 am

Supplementary Disclosure

2 PRF Group financial performance

2.1 Background

In section 5.5 of the Scheme Booklet it was noted that the audit of the financial report for the year ending 30 June 2012 had not yet been completed and that PRF's financial performance for the period ended 30 June 2013 set out in the financial information section was based on unaudited results which had been provided to PRF's auditors in April 2013 (**Draft FY12 Accounts**) and which were expected to be included in the audited financial statements.

Section 5.5 included the following statements:

> *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.*

The statements of comprehensive income and financial position provided on pages 47 and 48 of the Scheme Booklet included unaudited figures for the eight month period from 1 July 2012 to 28 February 2013 and a number of matters relating to these figures were noted on pages 48 and 49 of the Scheme Booklet. On page 50, a statement confirming that within the knowledge of the Board, and other than disclosed in the Scheme Booklet, the financial position of PRF had not materially changed since 28 February 2013, was included.

Notwithstanding PRF's intention for the Audited FY12 Accounts to be finalised and lodged with ASIC prior to the Scheme Meeting, as a result of a number of matters occupying PRF's attention, including significant work associated with the negotiations and due diligence investigations arising from a number of alternative proposals (including ongoing negotiations with Marubeni), ongoing communications with CBA, PRF's senior lender, provision of information for the auditors in relation to the Draft FY12 Accounts and the pressures arising from PRF's financial position, the obligation to lodge the accounts with ASIC 10 days prior to the Scheme Meeting was not met.

ASIC considered that PRF had failed to disclose material information to PRF Shareholders by failing to ensure that the Audited FY12 Accounts were available for PRF Shareholders to consider prior to the Scheme Meeting and notified PRF that ASIC intended to withhold its 'no objection' letter regarding the Scheme (which was a Condition Precedent under the Implementation Agreement), and that ASIC opposed the approval of the Scheme.

PRF and Keybridge agreed to waive this condition and in the application to the Court at the Second Court Hearing requested that the Court exercise its discretion to approve the Scheme notwithstanding ASIC's position.

The Court ultimately determined that the Audited FY12 Accounts constituted material information for PRF Shareholders and ordered that the application to approve the Scheme be adjourned until the following conditions are satisfied (**Court Ratification Conditions**):

(a) PRF convening and holding the Ratification Scheme Meeting at which the resolution approving the Scheme that was passed at the Scheme Meeting held on 14 June 2013 is ratified (**Ratification Resolution**);

(b) the Ratification Scheme Meeting to be held at a time when the Audited FY12 Accounts are available;

(c) PRF lodging the Audited FY12 Accounts with ASIC not less than 10 days before the Ratification Scheme Meeting;

(d) PRF preparing and providing PRF Shareholders with this Supplementary Scheme Booklet setting out any material matters in the Audited FY12 Accounts to which attention should be drawn;

(e) the Ratification Resolution being passed by the same statutory majorities as was required to pass the resolution at the Scheme Meeting; and

(f) the Ratification Scheme Meeting being held no later than 15 August 2013, or such later date as the Court may approve.

If the Court Ratification Conditions are satisfied, including the approval of the Ratification Resolution at the Ratification Scheme Meeting, and the Court approves the Scheme at the Ratification Court Hearing, the Scheme will be taken to be Effective as at 25 June 2013 and will be implemented in accordance with the process that was set out in the Scheme Booklet and the Scheme. Keybridge has indicated to PRF that it will only continue with the Scheme if the Court proposes to make orders having that effect.

2.2 Lodgement of Audited FY12 Accounts

The Audited FY12 Accounts were approved by the Directors on 1 July 2013 and were lodged with ASIC on 2 July 2013. A copy of the Audited FY12 Accounts was also sent to all PRF Shareholders on 2 and 3 July 2013.

The Scheme Booklet foreshadowed the auditor giving a qualified opinion in relation to PRF's ability to continue to operate as a going concern in its independent auditor's report (**Independent Auditor's Report**). The Independent Auditor's Report contains a disclaimer of opinion on the grounds of impairment and of going concern, and states:

> *Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.*

The Independent Auditor's Report sets out the auditor' basis for the disclaimer of opinion as follows:

> ***Basis for Disclaimer of Opinion***
>
> *1. Impairment of the motor vehicle division*
>
> *As set out in the financial statements, the directors have recognised an impairment of assets in the motor vehicle division totalling $29,385,000 in the Consolidated Income*

Statement and leaving a remaining carrying value of Finance Lease Receivables in the Statement of Financial Position of $73,986,833 (Note 7b). The basis of this impairment is the proposed sale of motor vehicle division as detailed in Note 24a.

Since entering into the Heads of Agreement, a final agreement has not been completed, and while we understand further negotiations are taking place, the Directors advise a final agreement is not at present signed.

As detailed in Note 24b, a subsequent scheme of arrangement has been entered into with the Group's mezzanine lender, for that company to acquire 100% of the issued shares in PR Finance Group Limited. Details of that transaction were advised to Shareholders by way of a Scheme Booklet, mailed on or about 14 May 2013, and voted on and accepted by Shareholders at an Extraordinary General meeting held 14 June 2013.

On the basis of this proposed scheme and its supporting material, the current market value of the Group as a whole is significantly less than the carrying value as at 30 June 2012, however as that decrement would appear to be a combination of factors present at 30 June 2012 and subsequent events, we have been unable to determine the extent which that decrement in value of assets should be recognised as at 30 June 2012.

2. Going concern

The Directors have prepared the financial statements on a going concern basis, with an explanation provided in Note 1, under the heading "Going Concern".

At the date of this report, the Group are in breach of lending covenants with both its senior lender and its mezzanine lender. While the Scheme as referred to in Note 24(b) would provide some indication of conditional support from its mezzanine lender, that in itself requires further support from its senior lender, support that to date has not been given, and in fact the senior lender has reserved all of its rights.

Whilst the Directors state that they are confident that these matters will be concluded satisfactorily to enable the Group to continue as a going concern, the Group remains in breach of lending covenants with both lenders.

2.3 Updated PRF Group financial performance

Summary of historical financial performance

The following table summarises the statement of comprehensive income of PRF for the twelve month period ended 30 June 2012 (based on the Audited FY12 Accounts) and for the 11 month period ended 31 May 2013, and is provided as an update to the statement of comprehensive income provided on page 47 of the Scheme Booklet.

	Audited Actual Year ended 30-Jun-12 ($ '000)	Unaudited Actual 11 Months to 31-May-13 ($ '000)
Revenue	88,716	81,686
Total Revenue	**88,716**	**81,686**
Cost of Sales	62,046	59,195
Gross Profit	**26,670**	**22,491**

	Audited Actual Year ended 30-Jun-12 ($ '000)	Unaudited Actual 11 Months to 31-May-13 ($ '000)
Expenses		
Marketing	1,309	1,299
Occupancy	2,762	2,131
Administration	14,039	13,866
Share of net profit/(loss) of partnerships	(387)	(420)
Share of net profit/(loss) of associates	-	-
Impairment Charge*	29,385	-
Total expenses	**47,108**	**16,876**
EBITDA	**(20,438)**	**5,615**
Amortisation	137	125
Depreciation	153	123
EBIT	**(20,728)**	**5,367**
Finance Costs	6,604	6,991
Income tax Benefit/(Expense)	4,043	(478)
NPAT	**(31,375)**	**(1,146)**

*The figures for the period ending 31 May 2013 do not include any additional impairments or write-downs compared to the position in the Audited FY12 Accounts on the basis that no assessment of impairments or write-downs has been performed in respect of the FY13 period.

Summary of historical financial position

The following table summarises PRF's statement of financial position for the twelve month period ended 30 June 2012 (based on the Audited FY12 Accounts) and for the 11 month period ended 31 May 2013, and is provided as an update to the statement provided on page 48 of the Scheme Booklet.

	Audited Actual As at 30-Jun-12 ($ '000)	Unaudited Actual As at 31-May-13 ($ '000)
Current Assets		
Cash and cash equivalents	774	500
Trade and other receivables	35,255	32,571
Inventories	3,088	2,457
Deferred tax assets	-	-
Other current assets	316	250
Total Current Assets	**39,433**	**35,778**
Non-Current Assets		
Trade and other receivables	33,668	37,181
Investments in partnerships	645	711
Properties, plant and equipment	850	787

	Audited Actual As at 30-Jun-12 ($ '000)	Unaudited Actual As at 31-May-13 ($ '000)
Deferred tax assets	28,667	31,021
Goodwill and other intangible assets	3,404	3,602
Total Non-Current Assets	**67,234**	**73,302**
Total Assets	**106,667**	**109,080**
Current Liabilities		
Trade and other payables	5,099	5,257
Borrowings	53,300	54,726
Current tax liabilities	7	(13)
Short-term provisions	604	629
Total Current Liabilities	**59,010**	**60,599**
Non-Current Liabilities		
Borrowings	180	181
Deferred tax liabilities	28,667	30,543
Long-term provisions	188	281
Total Non-Current Liabilities	**29,035**	**31,005**
Total Liabilities	**88,045**	**91,604**
Net Assets	**18,622**	**17,476**
Equity		
Issued Equity	33,374	33,374
Reserve	473	473
Retained profits	(15,225)	(16,373)
Total Equity	**18,622**	**17,474**

*The figures for the period ending 31 May 2013 do not include any additional impairments or write-downs compared to the position in the Audited FY12 Accounts on the basis that no assessment of impairments or write-downs has been performed in respect of the FY13 period.

2.4 Material differences between Draft FY12 Accounts and Audited FY12 Accounts.

The following summary identifies the material differences between the Draft FY12 Accounts (which were referred to in the Scheme Booklet) and the Audited FY12 Accounts:

(a) an impairment provision of $29.4 million was noted in point (b) on page 48 of the Scheme Booklet, relating to an 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. This impairment has been retained in the Audited FY12 Accounts but has been moved from provisions to goodwill and non-current finance lease receivables.

(b) Deferred tax assets has been processed on the impairment provision versus receivables and then the new excess of deferred tax assets over deferred tax liabilities has been written-down. The net effect of this change is a net additional income tax expense of $3.4 million.

(c) PRF's CBA facility $40 million has been moved from non-current to current liabilities.

2.5 Changes since the Audited FY12 Accounts balance date

Within the knowledge of the Board, and other than disclosed in the Scheme Booklet and this Supplementary Scheme Booklet, the financial position of PRF has not materially changed since 30 June 2012.

For completeness the Directors note the following operational changes since 30 June 2012 which have not had a material impact on the financial position of PRF.

(a) In April 2013, the ACC Kedron dealership commenced trading as an authorised Foton dealership as Foton Kedron.

(b) In May 2013, the ACC Footscray site was closed and the operations were transferred to the Maidstone site alongside the existing MFW operations.

(c) In May 2013, an ACC dealership was opened on the existing St Marys, NSW site alongside the existing MFW operations. This ACC dealership also trades as an authorised Foton dealership as Foton St Marys.

(d) In May 2013, the discretionary trust in which PRF holds a beneficial interest disposed of its 50% interest in FAA Automotive Australia Pty Ltd. PRFG and one of its controlled entities were also parties to this disposal agreement in order to resolve any amounts owed to PRFG and to release any guarantees and indemnities. PRF will not receive any distributions from the discretionary trust as a result of this transaction.

2.6 Updated Post-Scheme Keybridge Group consolidated balance sheet

A Post-Scheme Keybridge Group consolidated balance sheet as at 31 December 2012 was provided in section 7.6 of the Scheme Booklet. In light of the updated financial information above, the following pro forma balance sheet, summarising the pro forma financial position for the Post-Scheme Keybridge Group as at 31 May 2013 is provided as an update to the pro forma balance sheet provided on page 64 of the Scheme Booklet. This pro forma balance sheet is presented for illustrative purposes only.

PR FINANCE GROUP LIMITED & KBC ILLUSTRATIVE PROFORMA AGGREGATION							
Balance Sheets at 31 May 2013				Consolidation eliminations			
	PRFG Unaudited	KBC Unaudited	Combined	Acquisition cost	Fair value adjustment	Eliminate PRFG loan	Post deal balance sheet
	31-May-13	31-May-13	31-May-13	31-May-13	31-May-13	31-May-13	31-May-13
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
CURRENT ASSETS							
Cash assets	500	12,651	13,151	(1,500)			11,651
Receivables	32,571	33	32,604				32,604
Inventories (net of provisions)	2,457	-	2,457				2,457
Other investments	-	1,950	1,950	1,900	(1,900)		1,950
Other	250	63	313				313
TOTAL CURRENT ASSETS	**35,778**	**14,697**	**50,475**	**400**	**(1,900)**	**-**	**48,975**
NON-CURRENT ASSETS							
Receivables	37,181	33,426	70,607		(1,325)	(14,684)	54,598
Investments in partnerships & associates	711	-	711				711
Property, plant and equipment	787	36	823				823
Deferred tax assets	31,021	-	31,021		(14,251)		16,770
Intangible assets	3,602	-	3,602				3,602
TOTAL NON-CURRENT ASSETS	**73,302**	**33,462**	**106,764**	**-**	**(15,576)**	**(14,684)**	**76,504**
TOTAL ASSETS	**109,080**	**48,159**	**157,239**	**400**	**(17,476)**	**(14,684)**	**125,479**
CURRENT LIABILITIES							
Bank Overdraft	-	-	-				-
Payables	5,257	4,720	9,977				9,977
Short-term borrowings	54,726	-	54,726			(14,684)	40,042
Current income tax liabilities	(13)	-	(13)				(13)
Provisions	629	-	629				629
TOTAL CURRENT LIABILITIES	**60,599**	**4,720**	**65,319**	**-**	**-**	**(14,684)**	**50,635**
NON-CURRENT LIABILITIES							
Long-term borrowings	181	-	181				181
Deferred tax liabilities	30,543	-	30,543				30,543
Provisions	281	-	281				281
TOTAL NON-CURRENT LIABILITIES	**31,005**	**-**	**31,005**	**-**	**-**	**-**	**31,005**
TOTAL LIABILITIES	**91,604**	**4,720**	**96,324**	**-**	**-**	**(14,684)**	**81,640**
NET ASSETS	**17,476**	**43,439**	**60,915**	**400**	**(17,476)**	**-**	**43,839**
EQUITY							
Contributed equity	33,374	260,651	294,025	400	(33,374)		261,051
Reserves	473	-	473		(473)		-
Retained profits	(16,371)	(217,212)	(233,583)		16,371		(217,212)
TOTAL EQUITY	**17,476**	**43,439**	**60,915**	**400**	**(17,476)**	**-**	**43,839**
	-	-	-	-	-	-	-
Statement of Retained Earnings							
Opening Retained Earnings	(15,225)	(214,816)					
add: Net Profit After Tax	(1,146)	(2,396)					
less: Dividends	-	-					
Closing Retained Earnings	**(16,371)**	**(217,212)**					

Basis of preparation

The updated pro forma consolidated balance sheet has been prepared by PRF and Keybridge management and is based on an aggregation of the 31 May 2013 balance sheets for PRF (extracted from the management accounts for the period ended 31 May 2013) and Keybridge (extracted from the management accounts for the period ended 31 May 2013) 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 May 2013 balance sheet and ignores any value attributable to the transaction. There is an assumption that no goodwill is generated by impairing the deferred tax assets associated with carry forward losses and then the motor vehicle division receivables pending a full purchase price acquisition allocation 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 Supplementary Scheme Booklet, the Scheme Booklet and the accounting policies of PRF and Keybridge as disclosed in their most recent financial reports (including PRF's Audited FY12 Accounts) and having regard to the matters which have occurred in respect of PRF and Keybridge since 31 May 2013 as set out in section 2 of this Supplementary Scheme Booklet and sections 5 and 6 of the Scheme Booklet.

3 Alternative proposal – Marubeni Sale

3.1 Summary of progress with Marubeni Sale

As detailed in the Scheme Booklet, the Independent Expert's Report and Addendum in annexures A and F of the Scheme Booklet, and the notification sent to PRF Shareholders after the Scheme Meeting, PRF has been in ongoing negotiations with Marubeni since 2012.

Negotiations between PRF, Marubeni and Keybridge have now further progressed and PRF and Marubeni have entered into a sale agreement for the Marubeni Sale which will not become effective and complete until after the Scheme has been implemented.

CBA had previously notified PRF that its ongoing support is conditional on PRF entering into and completing an agreement in respect of the Marubeni Sale as soon as possible. It is not possible to complete a Marubeni Sale without the consent and support of Keybridge on the basis that Keybridge would need to release its securities over PRF's subsidiaries which are being acquired by Marubeni under the terms of the Marubeni Sale. Keybridge has informed PRF that it does not intend to release its securities over the relevant subsidiaries unless and until the Scheme is implemented. However Keybridge has consented to PRF entering into an agreement in respect of the Marubeni Sale provided it includes implementation of the Scheme as a condition precedent to completion.

CBA notified PRF on 9 July 2013 that it has not consented to the sale agreement entered into with Marubeni on its current terms, that entry into the agreement constitutes a further default under the CBA Facilities and that it continues to reserve its rights. CBA has also maintained its position that it does not intend to consent to the Scheme.

The terms of the proposed Marubeni Sale remain the same as set out in the summary in the section entitled '*The Alternative Offer from Party A*' in the Independent Expert's Report Addendum attached as annexure F of the Scheme Booklet and in the notification provided to PRF Shareholders after the Scheme Meeting on 14 June 2013. The terms have also been restated in Appendix D of the Revised Independent Expert's Report included as Annexure A to this Supplementary Scheme Booklet (and discussed in section 4.10 below).

Accordingly, PRF (with the support of Keybridge) has entered into documentation to effect a Marubeni Sale with Marubeni which will complete after (and be conditional upon) the Scheme having been implemented.

3.2 No Further Scheme consideration payable

As stated in the 14 June 2013 notification to PRF Shareholders, PRF notes that if a deal was to be completed after the Implementation Date on the proposed terms of the Marubeni Sale, the likely purchase price adjustments would result in the deal not meeting the Target Consideration Amount (under the Scheme) and no Subsequent Control Transaction Consideration Amount would be payable to PRF Shareholders. This however does not affect the payment of the Initial Scheme Consideration.

It was foreshadowed in the Scheme Booklet that there was significant uncertainty associated with the Subsequent Control Transaction Consideration Amount actually being paid given that it was dependent upon the successful completion of a subsequent transaction with an independent third party. Due to this uncertainty, the Independent Expert did not attribute any value to the Subsequent Control Transaction Consideration Amount in reaching its opinion in the Independent Expert's Report or the Addendum annexed to the Scheme Booklet and has maintained this position in the Revised Independent Expert's Report.

3.3 Independent contractor arrangements with Directors

Independent contractor arrangements if Scheme is implemented

As was indicated in section 11.1 of the Scheme Booklet, if the Scheme is implemented each of the current PRF Directors will be resigning as Directors of PRF. 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) on 18 June 2013 entered 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.

Further, as was also indicated in section 11.1 of the Scheme Booklet, if the Scheme is implemented, Mr Llewellyn and Mr James (and each of their related independent contractor entities) will be entitled to payments in respect to their contractual entitlements (that have been accrued but not paid by PRF), as amended in the manner disclosed in section 11.1 of the Scheme Booklet.

Independent contractor arrangements if Marubeni Sale is completed after the Scheme is implemented

Marubeni has indicated that if the Marubeni Sale completes it intends to offer to engage Peter Llewellyn and Rod James (through their respective contracting entities) and both Peter Llewellyn and Rod James have indicated they would accept such an offer.

Under the terms of the independent contractor arrangements between PRF and each of Peter Llewellyn and Rod James (through their respective contracting entities) which would come into effect if the Scheme completes, PRF is entitled to immediately terminate (at no cost to PRF) the proposed arrangements with those parties if those parties enter into arrangements with Marubeni. Keybridge has indicated that it would procure PRF to exercise those rights of termination in the event that Marubeni did engage Peter Llewellyn and Rod James (through their respective contracting entities or otherwise).

The proposed arrangements between Marubeni and each of Peter Llewellyn and Rod James (through their respective contracting entities) is a base annual fee of $250,000 with a bonus entitlement of $250,000 upon certain performance hurdles being met.

3.4 Updated post-Scheme and Marubeni Sale Keybridge Group consolidated balance sheet

The following pro forma balance sheet is provided to illustrate the financial position for the Post-Scheme Keybridge Group as at 31 May 2013 in the event the Marubeni Sale is completed following the implementation of the Scheme. This pro forma balance sheet is presented for illustrative purposes only.

PR FINANCE GROUP LIMITED & KBC ILLUSTRATIVE PROFORMA BALANCE SHEET POST MARUBENI SALE				
Balance Sheets at 31 May 2013				
	Post deal KBC balance sheet	Marubeni Sale (assets disposed)	Marubeni Sale (proceeds effect)	Post deal KBC balance sheet post Marubeni Sale
	31-May-13	31-May-13	31-May-13	31-May-13
	$'000	$'000	$'000	$'000
CURRENT ASSETS				
Cash assets	11,651	(129)	11,777	23,299
Receivables	32,604	(30,607)	-	1,997
Inventories (net of provisions)	2,457	(2,456)	-	1
Other investments	1,950	-	-	1,950
Other	313	(250)	-	63
TOTAL CURRENT ASSETS	**48,975**	**(33,442)**	**11,777**	**27,310**
NON-CURRENT ASSETS				
Receivables	54,598	(35,825)	-	18,773
Investments in partnerships & associates	711			711
Property, plant and equipment	823	(530)	-	293
Deferred tax assets	16,770	(16,770)		-
Intangible assets	3,602	(1,482)	-	2,120
TOTAL NON-CURRENT ASSETS	**76,504**	**(54,607)**	**-**	**21,897**
TOTAL ASSETS	**125,479**	**(88,049)**	**11,777**	**49,207**
CURRENT LIABILITIES				
Bank Overdraft	-			-
Payables	9,977	(1,580)	150	8,547
Short-term borrowings	40,042		(40,042)	-
Current income tax liabilities	(13)			(13)
Provisions	629	(629)		-
TOTAL CURRENT LIABILITIES	**50,635**	**(2,209)**	**(39,892)**	**8,534**
NON-CURRENT LIABILITIES				
Long-term borrowings	181		(181)	-
Deferred tax liabilities	30,543	(30,543)		-
Provisions	281	(192)		89
TOTAL NON-CURRENT LIABILITIES	**31,005**	**(30,735)**	**(181)**	**89**
TOTAL LIABILITIES	**81,640**	**(32,944)**	**(40,073)**	**8,623**
NET ASSETS	**43,839**	**(55,105)**	**51,850**	**40,584**
EQUITY				
Contributed equity	261,051			261,051
Reserves	-			-
Retained profits	(217,212)	(55,105)	51,850	(220,467)
TOTAL EQUITY	**43,839**	**(55,105)**	**51,850**	**40,584**
	-	-	-	-

Basis of preparation

The updated pro forma consolidated balance sheet has been prepared by PRF and Keybridge management and is based on an aggregation of the 31 May 2013 balance sheets for PRF (extracted from the management accounts for the period ended 31 May 2013) and Keybridge (extracted from the management accounts for the period ended 31 May 2013) 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 May 2013 balance sheet. There is an assumption that any earn-out received under the transaction is offset by the working capital adjustment.

The pro forma balance sheet should be read in conjunction with other information contained in this Supplementary Scheme Booklet, the Scheme Booklet and the accounting policies of PRF and Keybridge as disclosed in their most recent financial reports (including PRF's Audited FY12 Accounts) and having regard to the matters which have occurred in respect of PRF and Keybridge since 31 May 2013 as set out in section 2 of this Supplementary Scheme Booklet and sections 5 and 6 of the Scheme Booklet.

4 Additional information

4.1 Status of conditions precedent to the Scheme

Each of PRF and Keybridge advised the Court at the Second Court Hearing that all of the Conditions Precedent to the Scheme (as set out in section 9.2 of the Scheme Booklet), with the exception of Court approval had been satisfied or waived as at 8.00 am on the Second Court Hearing Date.

As at the date of this Supplementary Scheme Booklet, notwithstanding the additional information provided in this Supplementary Scheme Booklet, PRF has not changed its position in relation to the waiver or satisfaction of these conditions. Keybridge has advised PRF that its position has not changed in relation to the waiver or satisfaction of the conditions precedent.

Nevertheless, Keybridge has indicated to PRF that it will only continue with the Scheme if:

(a) the Court Ratification Conditions are satisfied, including the approval of the Ratification Resolution at the Ratification Scheme Meeting;

(b) the Court approves the Scheme at the Ratification Court Hearing;

(c) the Court makes orders that the Scheme will be taken to be Effective as at 25 June 2013; and

(d) the Court makes orders that the Scheme is to be implemented in accordance with the process that was set out in the Scheme Booklet and the Scheme.

4.2 Status of Court Ratification Conditions

As at the date of this Supplementary Scheme Booklet, PRF is not aware of any circumstances which would cause the Court Ratification Conditions set out in the Chairman's letter and section 2.1 above not to be satisfied.

4.3 Amendment of Deed Poll and Scheme

A copy of the Deed Poll and the Scheme that were agreed by PRF and Keybridge at the time of signing the Implementation Agreement was provided in Annexures C and D of the Scheme Booklet. As a result of the decision by the Court at the Second Court Hearing (explained in section 2.1 above), PRF intends to seek the Court's approval under section 411(6) of the Corporations Act to amend the Scheme to provide for the Record Date to be the date as at which the Court order is taken to be effective under section 411(10) of the Corporations Act (which the Court has indicated will be 25 June 2013) and for the parties' payment and transfer obligations under the Scheme to be extended to 16 August 2013, being the day that is two Business Days after the date of the order (referred to as the 'Physical Delivery Date').

The Deed Poll has been amended accordingly and Keybridge has agreed to execute a revised Deed Poll prior to the Ratification Scheme Meeting. A copy of each of the amended Scheme and Deed Poll with the proposed changes marked is set out in Annexures B and C of this Supplementary Scheme Booklet. No other changes are proposed to the Scheme or the Deed Poll.

4.4 Extension of Quit Date

As stated in section 9 of the Scheme Booklet, the Implementation Agreement currently provides for a Quit Date for the Scheme of 30 June 2013 or such later date as agreed in writing between PRF and Keybridge. As a result of the decision by the Court at the Second Court Hearing (explained in section 2.1 above), PRF and Keybridge propose to agree (prior to the Ratification Court Hearing) to extend the Quit Date under the Implementation Agreement to 31 August 2013.

4.5 Consents to be named

The Independent Expert has consented to the inclusion of the Revised Independent Expert's Report in Annexure A and to the references to that letter in this Supplementary 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 Supplementary Scheme Booklet. Other than in respect of the Revised 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 Supplementary Scheme Booklet, and has not made, or purported to make, any statement in this Supplementary Scheme Booklet.

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 Supplementary Scheme Booklet. Other than in respect of those statements attributed to McCullough Robertson, McCullough Robertson has not authorised or caused the issue of this Supplementary Scheme Booklet, and has not made, or purported to make, any statement in this Supplementary Scheme Booklet.

Keybridge has consented to the inclusion of any information about Keybridge in the form and context in which that information appears and has not withdrawn that consent before the date of this Supplementary Scheme Booklet. Other than in respect of those statements attributed to Keybridge, Keybridge has not authorised or caused the issue of this Supplementary Scheme Booklet, and has not made, or purported to make, any statement in this Supplementary Scheme Booklet.

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 Supplementary Scheme Booklet. Other than in respect of those statements attributed to Merrotts, Merrotts has not authorised or caused the issue of this Supplementary Scheme Booklet, and has not made, or purported to make, any statement in this Supplementary Scheme Booklet.

Marubeni has consented to the inclusion of any information about Marubeni in the form and context in which that information appears and has not withdrawn that consent before the date of this Supplementary Scheme Booklet. Other than in respect of those statements attributed to Marubeni, Marubeni has not authorised or caused the issue of this Supplementary Scheme Booklet, and has not made, or purported to make, any statement in this Supplementary Scheme Booklet.

4.6 Lodgement of this Supplementary Scheme Booklet

This Supplementary Scheme Booklet was given to ASIC on 5 July 2013.

4.7 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.

4.8 Keybridge ASX Trading Data

PRF Shareholders should refer to section 6.4 of the Revised Independent Expert's Report for information on trading in Keybridge Shares.

4.9 Other material information

Other than as contained or referred to in the Scheme Booklet and this Supplementary 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 Ratification Resolution that is known to any Director and which has not previously been disclosed to PRF Shareholders.

4.10 Independent Expert's opinion

Scheme

The Independent Expert has issued a Revised Independent Expert's Report as a result of the matters discussed in this Supplementary Scheme Booklet and which have arisen since the original Independent Expert's Report was prepared.

In the report provided with the Scheme Booklet, the Independent Expert had previously concluded that the Scheme is not fair but reasonable and is in the best interests of PRF Shareholders. This was on the basis that the Scheme Consideration was not equal to or greater than the value of the PRF Shares, however it was the Independent Expert's view at the time that there were sufficient reasons for PRF Shareholders to vote in favour of the Scheme in the absence of a Superior Proposal. Further details of the Independent Expert's conclusions in the original Independent Expert's Report are set out in the Scheme Booklet.

Notwithstanding this opinion, the Independent Expert has issued the Revised Independent Expert's Report taking into account the changes regarding PRF and the Scheme since the Independent Expert's Report was provided and has now determined that:

(a) the value of the Scheme Consideration is between $0.0100 and $0.0107 per PRF Share; and

(b) the value of a PRF Share is between $0.0005 and $0.0682 per PRF Share.

Therefore, according to the Independent Expert, the value of the Scheme Consideration offered for each PRF Share is within the range of 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 into 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).

Accordingly, after considering a number of considerations (that are summarised in the Revised Independent Expert's Report), including the fact that the PRF Share value is no longer being assessed as being higher than the value of the Scheme Consideration, the Independent Expert has concluded in the Revised Independent Expert's Report that the Scheme is fair and reasonable and is in the best interests of PRF Shareholders. The main reason for this change is primarily attributed to a reduction in PRF's existing book of lease receivables from a range between $60.88 million and $63.96 million to a range of $57.33 million and $60.26 million since the original Independent Expert's Report was prepared. This lower value range has resulted in the difference between the value of PRF Shares against the Scheme Consideration being reduced. The Revised Independent Expert's Report is set out in Annexure A of this Supplementary Scheme Booklet.

Marubeni Transaction

The Independent Expert has acknowledged the ongoing negotiations with Marubeni but has not incorporated the impact of the Marubeni Sale as part of the analysis of the Scheme on the basis that the Scheme is a condition precedent to completion of the proposed deal with Marubeni.

However the Independent Expert has completed a separate analysis of the effect a Marubeni Sale which is subsequently completed after the Scheme is implemented may have and has set out his conclusions in Appendix E of the Revised Independent Expert's Report.

The Independent Expert has determined that the value of a PRF Share after the completion of a Marubeni Sale is between $0.0101 and $0.0105 (compared to a pre-Scheme/Marubeni Sale PRF Share value of between $0.0005 and $0.0682). Accordingly the Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme will remain in the best interests of PRF Shareholders under a scenario in which a Marubeni Sale (on the terms set out in the Revised Independent Expert's Report) is completed.

4.11 Directors' recommendation

Notwithstanding the additional information provided in this Supplementary Scheme Booklet, the Directors have not changed their recommendations regarding the Scheme.

5 Glossary

Capitalised terms used in this Supplementary Scheme Booklet have the meaning given to them in the Scheme Booklet and:

Audited FY12 Accounts	means the financial report of PRFG for the year ended 30 June 2012, dated 1 July 2013 together with independent auditors report dated 2 July 2013 and which was lodged with ASIC on 2 July 2013.
Court Ratification Conditions	means the conditions imposed by the Court at the Second Court Hearing to be satisfied prior to the Court's approval of the Scheme, a summary of which is set out in section 2.1.
Deed Poll	means the amended deed poll in Annexure C.
Draft FY12 Accounts	means the unaudited financial report for PRF Group for the year ending 30 June 2012 details of which were included in section 5.5 of the Scheme Booklet.
Independent Auditor's Report	has the meaning given to it in section 2.2.
Marubeni	means Marubeni Corporation or its wholly owned subsidiary, MAHA Finance Pty Ltd ACN 164 584 043.
Notice of Ratification Scheme Meeting	means the notice of meeting for the Ratification Scheme Meeting set out in Annexure D.
Physical Delivery Date	means the second Business Day after the Ratification Court Date.
Ratification Court Date	means, the first day on which the Ratification Court Hearing is heard or if the hearing is adjourned for any reason, the first day of the adjourned hearing.
Ratification Court Hearing	means, in respect of the Scheme, the hearing of the application made to the Court at the Second Court Hearing, for an order approving the Scheme under section 411(4)(b) and 411(10) of the Corporations Act.
Ratification Resolution	means the resolution to ratify the resolution approving the Scheme that was passed by the requisite majorities of Scheme Shareholders at the Scheme Meeting.
Ratification Scheme Meeting	means the meeting of Scheme Shareholders to consider and if thought fit, approve the Ratification Resolution, ordered by the Court to be convened under section 411 of the Corporations Act.
Revised Independent Expert's Report	means the independent expert's report attached as Annexure A.
Scheme	means the amended scheme of arrangement in Annexure B.
Supplementary Scheme Booklet	means this supplementary scheme booklet.

Annexure A

Revised Independent Expert’s Report

PR FINANCE GROUP LIMITED
Independent Expert's Report

Proposed Acquisition of PR Finance Group Limited by Keybridge Capital Limited

9 July 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 $105,000 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
ACL	Affordable Car Leasing Pty Ltd
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
Combined Entity, the	Keybridge Group following the acquisition of 100% of the issued capital in PRFG by Keybridge
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
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
Marubeni Transaction, the	The offer from Marubeni in relation to the potential acquisition of the MVD following the completion of the Proposed Transaction
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 Ratification Meeting prepared by PRFG

NVCF	The Non Vehicle Consumer Finance segment of PRFG
PRFG	PR Finance Group Limited
PRFG Shareholders	The shareholders of PRFG
Proposed Transaction, the	The proposed acquisition of 100% of the issued capital in PRFG by Keybridge
Physical Delivery Date	has the meaning given to it in the Supplementary Transaction Scheme Booklet
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 July 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
Supplementary Transaction Scheme Booklet, the	The supplementary scheme booklet in relation to the Proposed Transaction prepared by PRFG
Transaction Scheme Booklet, the	The scheme booklet in relation to the Proposed Transaction prepared by PRFG
VWAP	Volume-weighted average share price

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C/- The Directors
PR Finance Group Limited
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9 July 2013

Independent Expert's Report

1.0 Introduction

1.1 The Proposed Transaction

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') and the Supplementary 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'), the Supplementary Scheme Booklet, and the Notice of Ratification Meeting prepared by PRFG ('the Notice of Meeting').

1.2 Alternative Offer from Marubeni Corporation

PRFG Shareholders should note that PRFG has been in ongoing negotiations with Marubeni Corporation ('Marubeni') in relation to the potential acquisition of PRFG's Motor Vehicle Division ('MVD') following the completion of the Proposed Transaction ('the Marubeni Transaction'). PRFG's MVD comprises the Motor Finance Wizard ('MFW') and Affordable Car Centre ('ACC') businesses. An overview of the proposed terms of the Marubeni Transaction is set out in Appendix D of this Report.

We understand the Commonwealth Bank of Australia ('CBA') (PRFG's senior lender) has made their ongoing support for PRFG conditional on an agreement being entered into and completed with Marubeni for the acquisition of the MVD as soon as possible. We note however that the Marubeni Transaction cannot be completed without the consent and support of Keybridge as the Mezzanine Debt Facility will not be fully paid out under the proposed terms of the Marubeni Transaction and Keybridge will continue to hold a charge over the assets of the MVD. We are informed that Keybridge will consent to the Marubeni Transaction provided the completion of the Proposed Transaction is included as a condition precedent to the Marubeni Transaction.

As at the date of this Report, a binding agreement with Marubeni in relation to the Marubeni Transaction has been entered into. However, as there is no guarantee the Marubeni Transaction will be completed and on the basis that the completion of the Proposed Scheme is a condition precedent to completion of the Marubeni Transaction, we have not incorporated the impact of the Marubeni Transaction in our analysis of the Proposed Transaction set out in the body of this Report.

Notwithstanding the above, the directors of PRFG inform us that an agreement with Marubeni in relation to the Marubeni Transaction is likely to be completed soon after the completion of the Proposed Transaction as a result of the conditions imposed by the CBA. Having regard to the above, and to provide PRFG Shareholders with further information, we have set out an analysis of the Proposed Transaction under a scenario in which the Marubeni Transaction is completed on the terms and conditions currently envisaged by the relevant parties immediately after the completion of the Proposed Transaction in Appendix E of this Report.

PRFG Shareholders should note that the directors of PRFG are of the view that the proposed sale of the MVD to Marubeni may not meet the definition of a Subsequent Control Transaction. Accordingly, the directors of PRFG are of the view that the Subsequent Control Transaction Consideration may not be payable to PRFG Shareholders in circumstances where the Marubeni Transaction is completed on the terms and conditions currently proposed.

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, the Supplementary Transaction Scheme Booklet 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	0.0100[a]	0.0107[a]
Value of a share in PRFG (controlling interest)	Section 8.3	0.0005	0.0682

Source: BDO CFQ analysis

(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 within the range of the value of the total consideration to be provided under the Proposed Transaction.

As our valuation of the consideration under the Proposed Transaction is within the range of value calculated for a PRFG share, it is our view that the Proposed Transaction is **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.

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
• 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.
• The risk of PRFG being placed into receivership by Keybridge as a result of PRFG being unable to refinance its debt facilities is reduced.
• 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.
• PRFG's founders and largest shareholders support the Proposed Transaction.
Advantages of Cash Consideration
• The cash consideration provides certainty of value to PRFG Shareholders.
• The cash consideration provides a relatively quick realisation of value.
• No brokerage commissions are payable by PRFG Shareholders in relation to the cash component of the consideration.
Advantages of Scrip Consideration
• PRFG Shareholders will retain exposure to any potential upside in the value of PRFG.
• PRFG Shareholders will hold an investment in an ASX listed company.
• 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 **Fair** (refer Section 11.0 of this Report) and **Reasonable** (refer Section 12.0 of this Report) to PRFG Shareholders.

The consideration offered is within the range of value calculated for a PRFG share. In addition, it is our view that there are a range of 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 the 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; 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, the Supplementary Transaction Scheme Booklet 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 Physical Delivery 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 Physical Delivery 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 Physical Delivery Date;
- The PRFG Shares will be transferred to Keybridge on the Physical Delivery Date (but effective 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 and the Supplementary 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.

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.

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 Supplementary Transaction Scheme Booklet 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 and the Supplementary Transaction Scheme Booklet 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 Supplementary 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

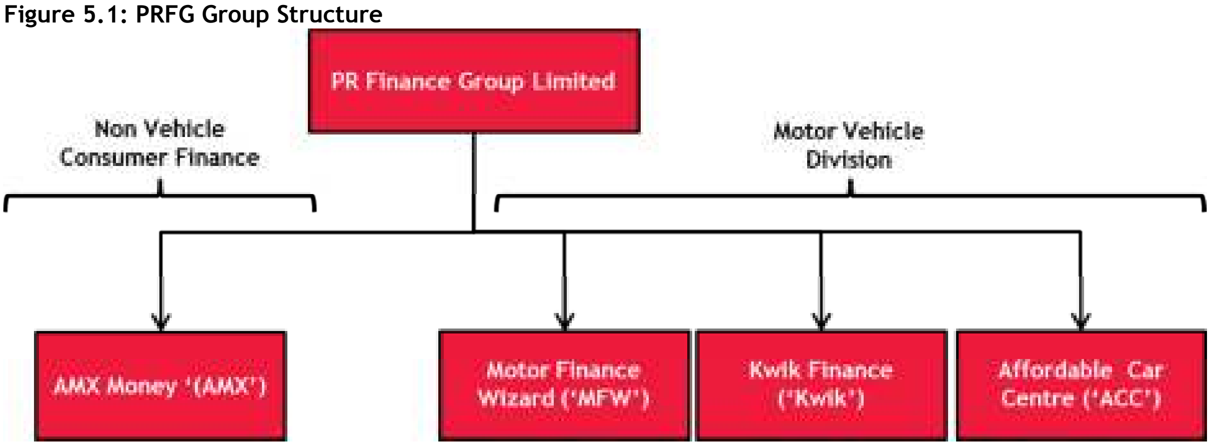
5.1.1 Overview of PRFG's Business Operations

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 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

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

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

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).

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 2 other offers (from Marubeni and an investment fund) in addition to the Proposed Transaction. As noted in Section 1.2 of this Report, a binding agreement with Marubeni in relation to the Marubeni Transaction has subsequently been entered into.

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 (Spotholme 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, 30 June 2011 and 30 June 2012 were audited by Merrotts Chartered Accountants. 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 PRFG's external auditor states in PRFG's 2012 annual report that they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we note that PRFG's external auditor expresses no opinion on PRFG's 2012 annual report. The reasons provided by PRFG's external auditor for expressing no opinion are set out in the Basis for Disclaimer of Opinion paragraph in the auditor's report which accompanies PRFG's 2012 annual report. We note the reasons provided relate to the impairment of PRFG's Motor Vehicle Division and the preparation of the financial accounts on a going concern basis.

PRFG's directors note 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 the conditions imposed by its financiers or extend its finance facilities. The conditions imposed upon PRFG include the successful sale of the company's Motor Vehicle Division following the completion of the Proposed Transaction.

We recommend that readers of this Report refer to PRFG's 2012 annual report for further information on the disclaimer of opinion provided by PRFG's external auditor and 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 11 months ended 31 May 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)	Audited Actual Year ended 30-Jun-12 ($ '000)	Unaudited Actual 11 Months to 31-May-13 ($ '000)
Revenue	92,643	85,546	88,716	81,686
Total Revenue	**92,643**	**85,546**	**88,716**	**81,686**
Cost of Sales	(63,923)	(59,316)	(62,046)	(59,195)
Gross Profit	**28,720**	**26,230**	**26,670**	**22,491**
Expenses				
Marketing	(1,765)	(1,321)	(1,309)	(1,299)
Occupancy	(3,331)	(3,175)	(2,762)	(2,131)
Administration	(15,706)	(15,296)	(14,039)	(13,866)
Share of net profit/(loss) of partnerships	303	322	387	420
Share of net profit/(loss) of associates	(90)	(50)	-	-
Impairment Charge	-	-	(29,385)	-
Total expenses	**(20,590)**	**(19,520)**	**(47,107)**	**(16,877)**
EBITDA	**8,130**	**6,710**	**(20,437)**	**5,614**
Amortisation	(189)	(131)	(137)	(125)
Depreciation	(238)	(181)	(153)	(122)
EBIT	**7,703**	**6,397**	**(20,727)**	**5,367**

	Audited Actual Year ended 30-Jun-10 ($ '000)	Audited Actual Year ended 30-Jun-11 ($ '000)	Audited Actual Year ended 30-Jun-12 ($ '000)	Unaudited Actual 11 Months to 31-May-13 ($ '000)
Finance Costs	(7,611)	(7,436)	(6,604)	(6,991)
Income tax Benefit/(Expense)	(57)	218	(4,043)	478
NPAT	**35**	**(821)**	**(31,374)**	**(1,146)**

Source: PRFG 2010, 2011 and 2012 Annual Reports and May 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 31 May 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)	Audited Actual As at 30-Jun-12 ($ '000)	Unaudited Actual As at 31-May-13[(a)] ($ '000)
Current Assets				
Cash and cash equivalents	1,264	1,070	774	500
Trade and other receivables	41,699	41,102	35,254	27,697[(a)]
Inventories	5,636	4,170	3,088	2,457
Deferred tax assets	391	-	-	-[(a)]
Other current assets	337	364	316	250
Total Current Assets	**49,328**	**46,705**	**39,433**	**30,904**

	Audited Actual As at 30-Jun-10 ($ '000)	Audited Actual As at 30-Jun-11 ($ '000)	Audited Actual As at 30-Jun-12 ($ '000)	Unaudited Actual As at 31-May-13[(a)] ($ '000)
Non-Current Assets				
Trade and other receivables	51,222	49,769	33,668	41,371[(a)]
Investments in partnerships	619	566	645	711
Properties, plant and equipment	1,227	1,028	850	787
Deferred tax assets	20,781	24,187	28,667	31,021[(a)]
Goodwill and other intangible assets	8,307	8,196	3,404	3,602
Total Non-Current Assets	**82,156**	**83,746**	**67,234**	**77,491**
Total Assets	**131,484**	**130,451**	**106,667**	**108,394**
Current Liabilities				
Trade and other payables	3,828	5,095	5,099	4,573[(a)]
Borrowings	58,852	14,417	53,300	54,907[(a)]
Current tax liabilities	65	8	7	(13)
Short-term provisions	806	603	604	629
Total Current Liabilities	**63,551**	**20,123**	**59,010**	**60,096**
Non-Current Liabilities				
Borrowings	14	40,018	180	-[(a)]
Deferred tax liabilities	16,973	20,150	28,667	30,543
Long-term provisions	136	164	188	281
Total Non-Current Liabilities	**17,123**	**60,332**	**29,035**	**30,823**
Total Liabilities	**80,674**	**80,455**	**88,045**	**90,919**
Net Assets	**50,810**	**49,996**	**18,622**	**17,475**
Equity				
Issued Equity	33,374	33,374	33,374	33,374
Reserve	466	473	473	473
Retained profits	16,970	16,149	(15,225)	(16,372)
Total Equity	**50,810**	**49,996**	**18,622**	**17,475**

Source: PRFG 2010, 2011 and 2012 Annual Reports and May 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 31 May 2013 to be consistent with prior years. These adjustments had no impact on the overall net assets of PRFG as at 31 May 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 31 May 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 31 May 2013 has increased to $54.9 million due to the capitalisation of interest payments and the extension of fees relating to the Mezzanine Debt Facility; and

- In FY2012, net assets reduced by approximately $31.4 million compared to FY2011, largely due an impairment of $29.4 million relating to the Motor Vehicle Division of PRFG. The impairment expense recognised reflects the difference between the book value previously recorded for the Motor Vehicle Division and the fair value of the Motor Vehicle Division estimated with reference to the sale proceeds expected to arise from the proposed sale of the Motor Vehicle Division to Marubeni.

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 11 months to 31 May 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)	Audited 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)	(58)	(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	-
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)**	**519**	**(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**	**(194)**	**(294)**
Cash at beginning of year	**(1,312)**	**1,264**	**1,070**
Cash at end of year	**1,264**	**1,070**	**774**

Source: PRFG 2010, 2011 and 2012 Annual Reports

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.

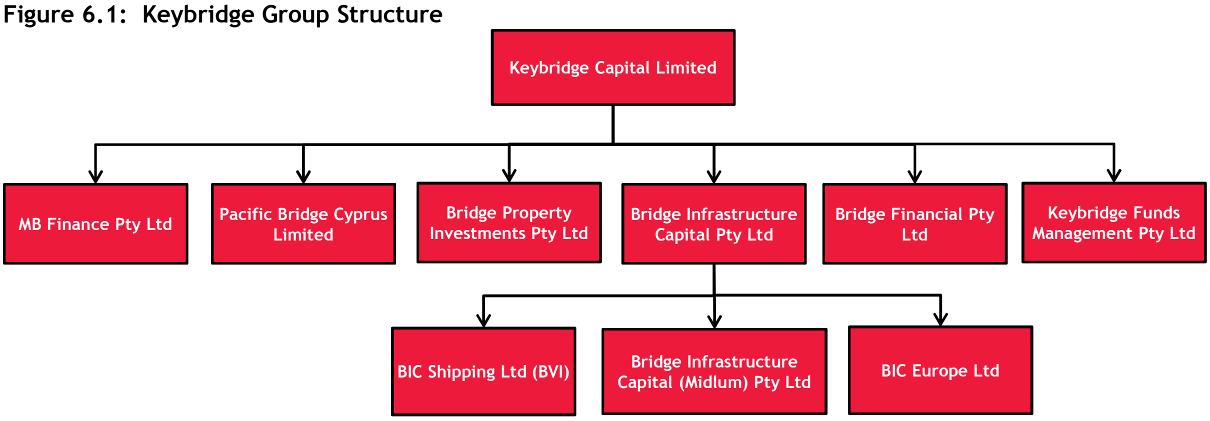
6.1.6 Shipping

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

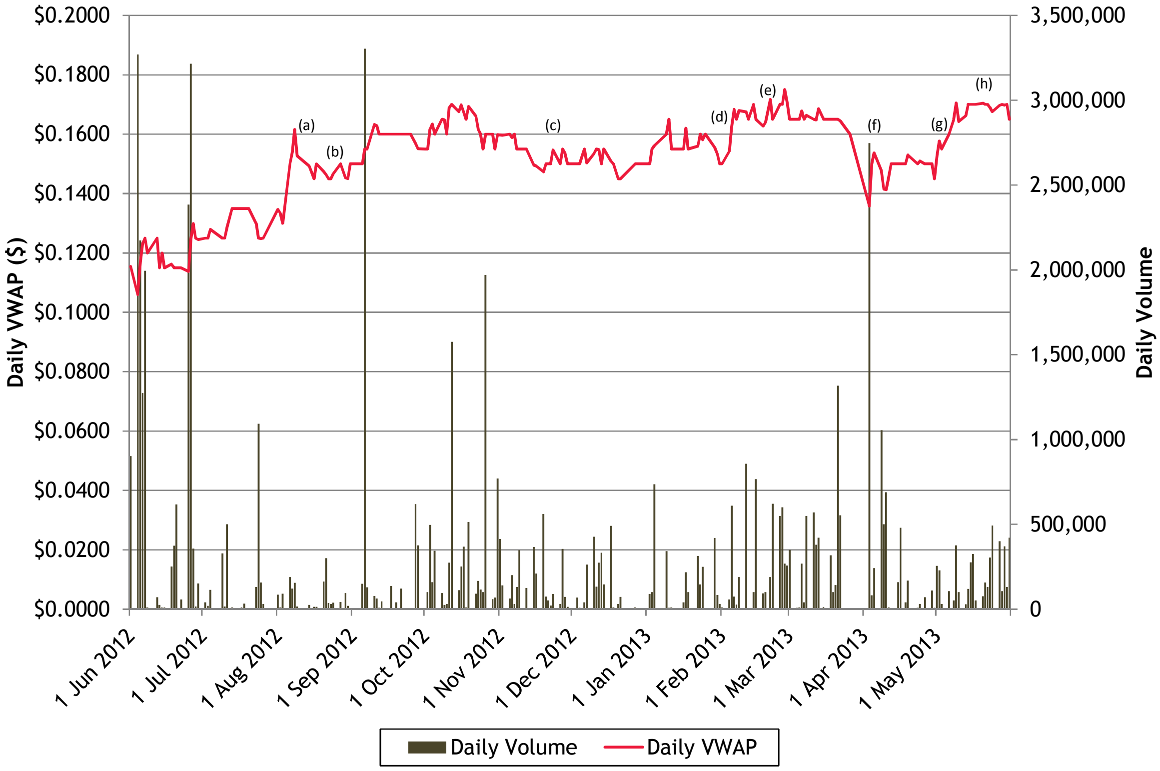
We understand that a total of 5,483,333 performance rights were granted to management in prior periods with a vesting date of 31 August 2011. The vesting conditions of these performance rights were based on performance over the period from 1 July 2010 to 31 August 2011. We understand that 75% of these 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 1 June 2012 to 31 May 2013 inclusive.

Figure 6.2: Daily VWAP and Volume Traded for Keybridge from 1 June 2012 to 31 May 2013



Source: Bloomberg as at 31 May 2013

Over the period graphed in Figure 6.2, Keybridge's daily VWAP shows a period low of $0.1060 on 4 June 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 31 May 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.
(e)	20-Feb-13	Keybridge announced its half year results for the 2013 financial year.
(f)	02-Apr-13	Keybridge announced that it had executed a Scheme Implementation Agreement in relation to a Scheme of Arrangement to acquire 100% of the issued capital in PR Finance Group.

	Date	Announcement
(g)	01-May-13	Keybridge announced that it had completed the sale of its three remaining aircraft for USD29.7 million and intended to use the proceeds to fully repay its corporate debt facility.
(h)	13-May-13	Keybridge announced that it had acquired back the 15.5% interest in its PR Finance Group mezzanine loan it sold to an investor in July 2012.

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 31 May 2013.

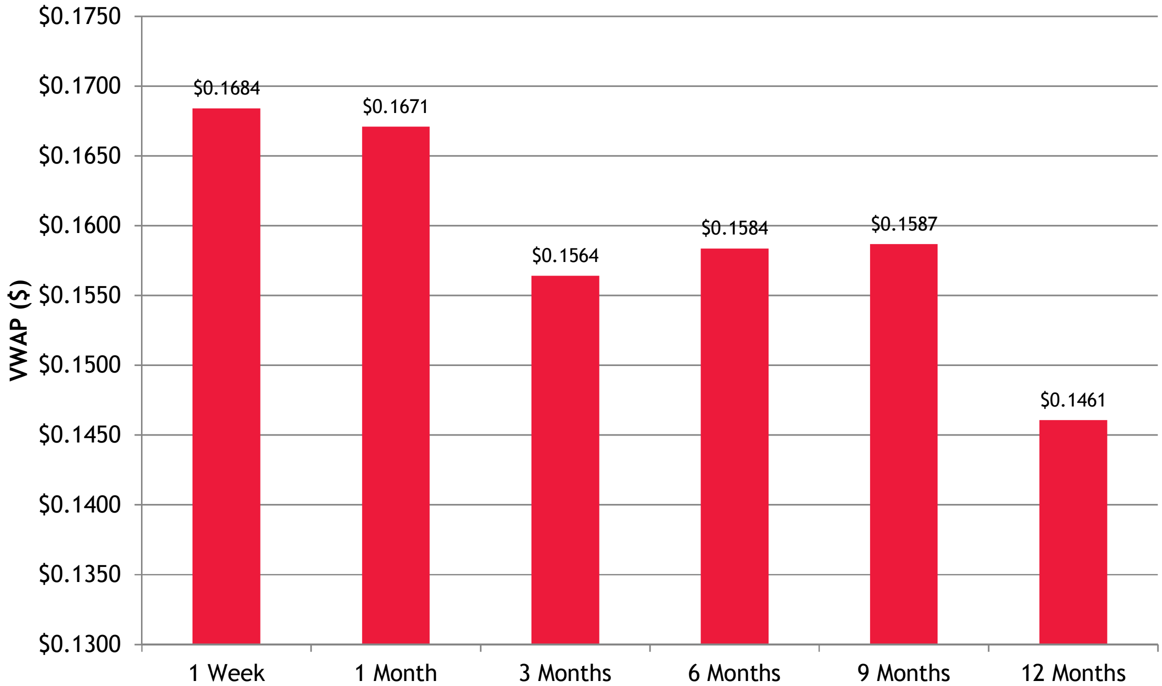
Table 6.4: Keybridge's VWAP prior to 31 May 2013

Period before 1 April 2013	Period included in VWAP	VWAP ($)
1 Week	25 May 2013 to 31 May 2013	$0.1684
1 Month	1 May 2013 to 31 May 2013	$0.1671
3 Months	4 Mar 2013 to 31 May 2013	$0.1564
6 Months	2 Dec 2012 to 31 May 2013	$0.1584
9 Months	1 Sep 2012 to 31 May 2013	$0.1587
12 Months	1 Jun 2012 to 31 May 2013	$0.1461

Source: Bloomberg as at 31 May 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 31 May 2013



Source: Bloomberg as at 31 May 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 June 2013 to May 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
May 2013	4,542,381	759,013	125	172,071,000	2.64%	$0.1671
April 2013	6,409,489	910,952	126	172,071,000	3.72%	$0.1421
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
Total	**63,751,162**	**9,312,074**	**1,197**	-	**37.05%[(a)]**	-

Source: Bloomberg as at 31 May 2013

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

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**

	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)
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
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 and section 2.6 of the Supplementary 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	✓	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. The information that we have been provided to assist with our ABV in relation to the assets and liabilities of PRFG includes: • A consolidated statement of financial position for PRFG as at 31 May 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. 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.

Valuation Methodology	Appropriate?	Explanation
DCF Valuation	Incorporated in ABV	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. 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).
CME Valuation Methodology	×	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. However, it is our view that determining a reliable estimate of PRFG's future maintainable earnings is difficult for reasons which include the following: • 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. 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.
MBV	×	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. 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.

Source: BDO CFQ Analysis

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
Expected Cash Flows	The expected cash flows from PRFG's existing book of lease receivables have been determined with reference to: • The projected cash flow from each lease within PRFG's existing book of lease receivables as at 31 May 2013; and • The probability of each lease within PRFG's existing book of lease receivables defaulting in any given month. 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.
Probability of Default	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. 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: • 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. We note that the probability of a lease defaulting initially increases through time before then reducing as the lease reaches maturity.
Repossession Rates	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. 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.
Average Wholesale Value of Repossessed Vehicles	This assumption relates to the average wholesale value of a vehicle that is repossessed after a lease contract falls over. 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).

Assumption	Explanation
Costs to Realise the Value of PRFG's Existing Book of Lease Receivables	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). Based on our discussions with PRFG management, and having regard to staffing and administration costs incurred by PRFG historically, we have assumed the following: • 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	To determine an appropriate discount rate for PRFG's existing lease receivables, we have considered the following: • 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. 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. 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.

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	60,256
Low Value	57,334

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 $57.3 million to $60.3 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 $21.7 million to $22.9 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	21,721	22,938
Assumed recovery rate	20%	20%
Value of PRFG's existing book of legal receivables	**4,344**	**4,588**

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 $4.3 million to $4.6 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

The breakdown of the values we have adopted for PRFG’s intangible assets are set out in Table 8.5 below.

Table 8.5: Breakdown of Intangible Assets

Intangible Item	Value ($’000)
Computer software (Net)	268
Car loan phone words (At Cost)	948
Goodwill - AMX partnership (At Cost)	2,123
Goodwill - Motor Finance Wizard partnership (Pre 2012 Impairment)	5,153
Total Intangible Assets (Net)	**8,490**

Source: PRFG unaudited statement of financial position as at 31 May 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. For completeness, we note that we have excluded the goodwill impairment recognised by PRFG in 2012 in relation to the MVD when calculating our value for goodwill under the high scenario.

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 31 May 2013:

- Deferred tax assets (‘DTA’) of $31.0 million, primarily resulting from the recognition of lease receivables provisions, various other provisions and tax losses; and
- Deferred tax liabilities (‘DTL’) of $30.5 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 31 May 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 31 May 2013	61,677	61,677
Value of PRFG’s existing book of lease receivables calculated using our DCF valuation methodology	57,334	60,256
Difference in the value of PRFG’s existing book of lease receivables	(4,344)	(1,421)
Increase in the carrying amount of PRFG’s DTA (@ 30%)	1,303	426

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 $61.7 million as at 31 May 2013;

- Our DCF valuation of PRFG's existing book of lease receivables is within the range of $57.3 million to $60.3 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 $1.4 million to $4.3 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 $0.4 million to $1.3 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 $24.0 million as at 31 May 2013, excluding any provisions for doubtful debts. PRFG has applied a provision of $10.7 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 $13.3 million as at 31 May 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 31 May 2013	13,314	13,314
Value of PRFG's existing book of legal receivables calculated using our DCF valuation methodology	4,344	4,588
Difference in the value of PRFG's existing book of legal receivables	(8,970)	(8,727)
Increase in the carrying amount of PRFG's DTA (@ 30%)	2,691	2,618

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 $4.3 million to $4.6 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 $8.7 million to $9.0 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 $2.6 million to $2.7 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	1,303	426
Increase in the value of DTA due to legal receivables	2,691	2,618
Total increase in the carrying amount of PRFG's DTA	**3,994**	**3,044**

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 $3.0 million to $4.0 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

DTA	Low Value Scenario ($'000)	High Value Scenario ($'000)
Carrying amount	31,021	31,021
Increase / (decrease) due to tax effect adjustments	3,994	3,044
Adjusted carrying amount	**35,015**	**34,065**
DTL		
Carrying amount	30,543	30,543
Increase / (decrease) due to tax effect adjustments	-	-
Adjusted carrying amount	**30,543**	**30,543**
Net Position of Deferred Tax Accounts		
Net carrying amount	**4,472**	**3,522**

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 $34.1 million to $35.0 million. The adjusted carrying amount of PRFG's DTL is equal to $30.5 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 $3.5 million to $4.5 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	500
Inventory	2,457
Other accounts receivable	4,620
Investments in entities	711
Property, plant and equipment	787
Other	250
Total Assets	**9,324**
Trade and other payables[(a)]	15,117
Interest bearing loans	54,907
Income tax liabilities	(13)
Provisions	909
Total liabilities	**70,920**
Net value deficiency	**61,596**

Source: PRFG unaudited statement of financial position as at 31 May 2013 and PRFG management

(a) Includes an additional amount of $10.5 million relating to GST liabilities. This amount is offset against the accounts receivable balances in Table 5.3 of this Report.

Table 8.10 shows the value of the other assets and liabilities held by PRFG is a net asset deficiency of approximately $61.6 million.

In relation to the values sets out in Table 8.10 above, we note the following:

- Inventory includes $4.9 million for the gross value of PRFG's used cars on hand less an amount of approximately $2.4 million, which has been provided for;
- Other accounts receivable includes:
    - $118,809 of loan receivables held by Kwik Finance;
    - $429,529 of group accounts receivables such as amounts receivable from joint venture partners, franchisees, etc.;
    - $153,407 in motor vehicle accounts receivable such as amounts receivable from wreckers and wholesalers to whom PRFG have sold repossessed vehicles; and
    - $2,105,430 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 $10,543,403; and

- Interest bearing loans includes the $40.0 million Senior Debt Facility provided by the CBA, with the balance representing the Mezzanine Debt Facility provided by Keybridge and amounts relating to other structured finance liabilities (e.g. asset purchase plans, hire purchase plans, 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 Low Valuation Scenario ($'000)	Including Intangible Assets High Valuation Scenario ($'000)
Lease receivables (pre-tax)	Table 8.3	57,334	60,256
Legal receivables (pre-tax)	Table 8.4	4,344	4,588
Intangible assets	Section 8.2.3	-	8,490
Deferred tax (net)	Section 8.2.4	-	-
Other assets and liabilities	Table 8.10	(61,596)	(61,596)
Asset based valuation of PRFG		**81**	**11,738**
Number of PRFG shares ('000)		172,191	172,191
Value of a PRFG share ($)		**0.0005**	**0.0682**

Source: BDO CFQ analysis

Table 8.11 above shows that we have calculated a value per PRFG share in the range of $0.0005 to $0.0682 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 $0.0005 to $0.0682 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	×	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. 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: • 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. 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.

Valuation Methodology	Appropriate?	Explanation
CME Valuation	×	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. 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.
ABV	✓	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: • 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. 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.
Market Based Valuation	✓	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. We have considered a market based valuation of Keybridge in this Report.

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.

We also note that on 13 May 2013, Keybridge announced to the ASX that the company had reacquired the remaining 15.5% minority interest in the Mezzanine Debt Facility provided to PRFG for $1.72 million. Keybridge had previously sold the 15.5% interest in the Mezzanine Debt Facility to a strategic investor for $2.0 million in July 2012. The reacquisition of the 15.5% interest in the Mezzanine Debt Facility returns Keybridge's ownership to 100%.

In our view, the transactions outlined above do not have a material impact on the numbers we have adopted for our ABV valuation of Keybridge which are 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

(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

(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 of Keybridge shares across various timeframes prior to the announcement of the Proposed Transaction on 2 April 2013 in Table 9.6.

Table 9.6: 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 and BDO CFQ Analysis

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 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 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	81,507	11,738,163
Minority Interest Discount	Section 10.2.1	28.6%	16.7%
Equity Value of PRFG (Minority Interest)		**58,219**	**9,781,803**

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	58,219	9,781,803
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)		**25,589,509**	**40,475,210**

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 $25.6 million and $40.5 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 174,222,780 shares on issue which comprises the 172,070,564 Keybridge shares currently on issue in addition to approximately 2.2 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	25,589,509	40,475,210
Number of shares on issue	Section 5.2	174,570,564	174,222,780
Value of a share in the Combined Entity (Minority Interest)		**0.1466**	**0.2323**

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 $0.1466 to $0.2323.

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 $0.1466 being the low end of our range from Table 10.4 above; and
- The high scenario assumes a Combined Entity per share value of $0.2323. In this circumstance only 2,152,216 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	2,152,216
Value of Combined Entity Scrip	Section 10.2.4	$0.1466	$0.2323
Total Value of the Scrip Consideration		**$366,464**	**$500,000**
Number of PRFG Shares on Issue	Section 5.2	172,191,089	172,191,089
Total Scrip Consideration Value per PRFG Share		**$0.0021**	**$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	0.0021	0.0029
Subsequent Control Transaction Consideration	Section 10.3.2	Nil	Nil
Total Consideration Value per PRFG Share		**0.0100**	**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 $0.0100 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	0.0100	0.0107
Value of a share in PRFG (Controlling Interest)	Section 8.3	0.0005	0.0682

Source: BDO CFQ analysis

The analysis set out in Table 11.1 above indicates that our value of a share in PRFG is within the range of the value of the total consideration to be provided under the Proposed Transaction.

As our valuation of the consideration under the Proposed Transaction is within the range of our valuation of a PRFG share, it is our view that the Proposed Transaction is **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.

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	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. 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. 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.
PRFG Shareholders may be entitled to receive the Subsequent Control Transaction Consideration	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. 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.
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 Physical Delivery Date. 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	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. 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. Refer to Section 6.0 of this Report for further information on Keybridge's investment portfolio.

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	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. 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.
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	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. 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.

Alternative	Explanation
Renegotiate Debt Facilities	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. 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.
Refinance Debt Facilities	PRFG may attempt to establish a new debt facility to replace its existing debt facilities. 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.
Alternative Sales Transaction	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. 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.
Voluntary Administration	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. 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.

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	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. 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. 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).
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 **Fair** (refer Section 11.0 of this Report) and **Reasonable** (refer Section 12.0 of this Report) to PRFG Shareholders.

The consideration offered is within the range of value calculated for a PRFG share. In addition, it is our view that there are a range of 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; 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 management accounts as at 31 May 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 the Supplementary Transaction Scheme Booklet; 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

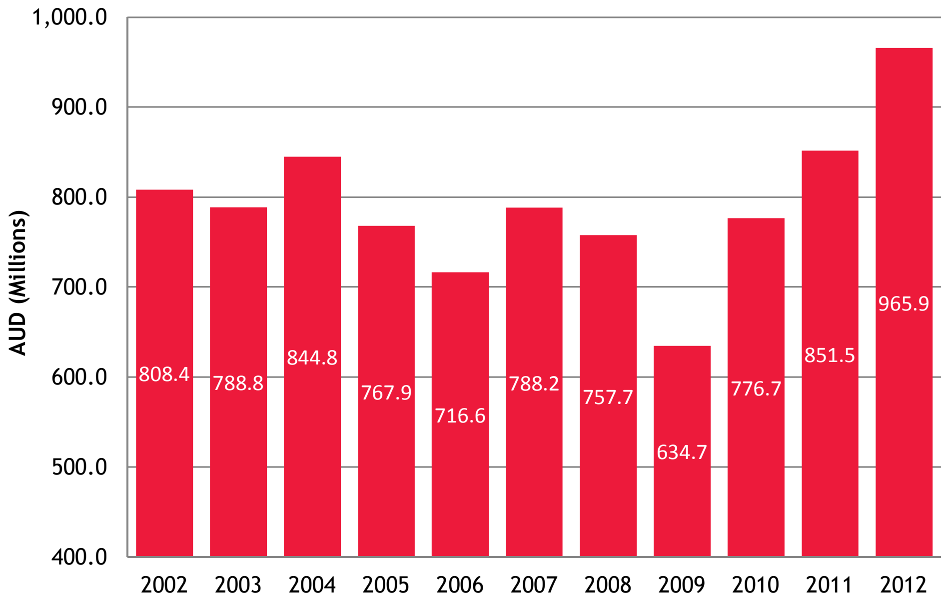
A.1.1 Participants in the Vehicle Finance Industry in Australia

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



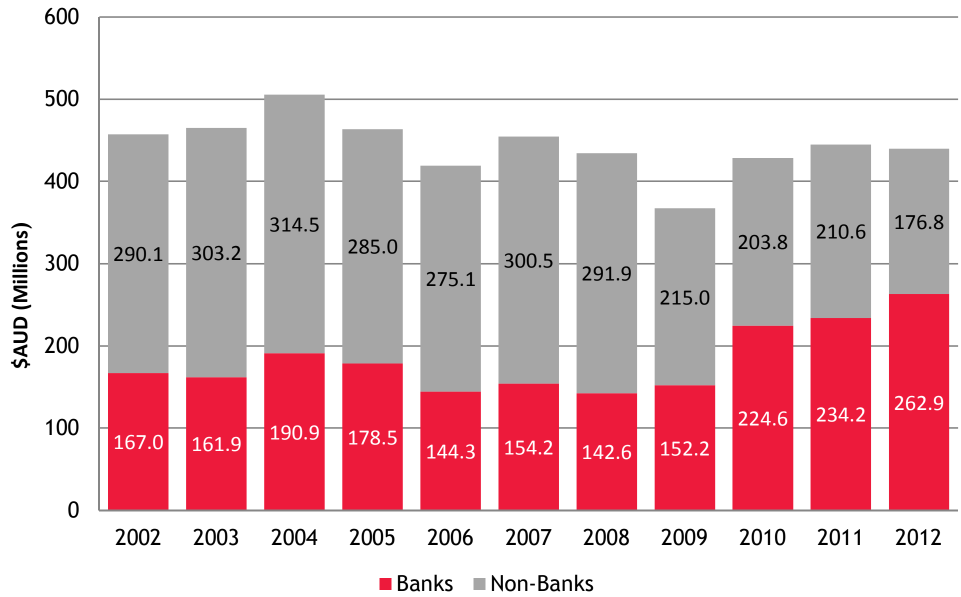
Source: Australian Bureau of Statistics, Catalogue number 5671.0

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.

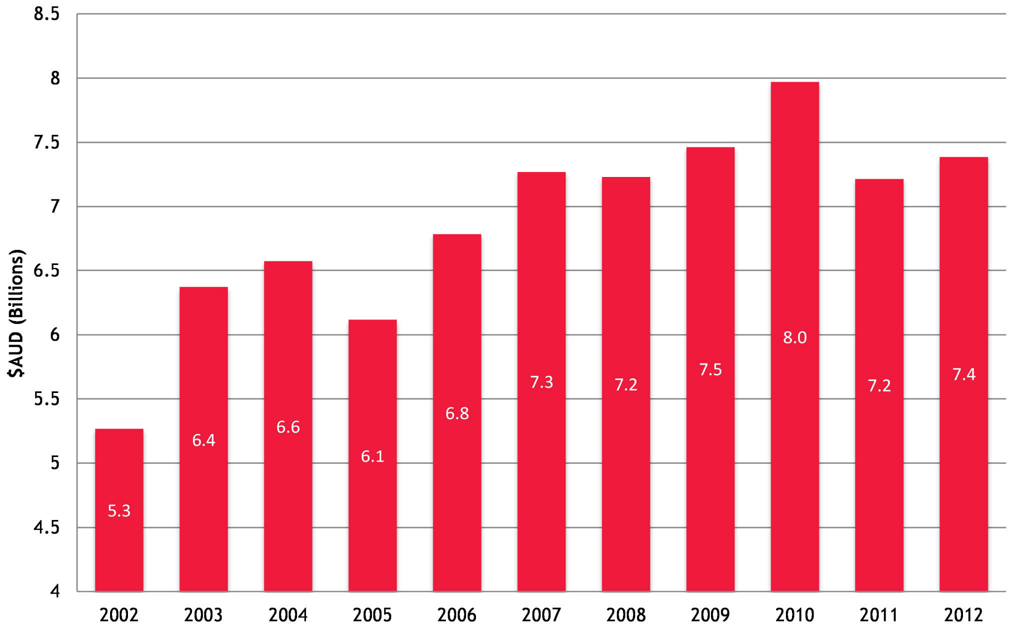
A.2 Personal Loans in Australia

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.

Appendix D – Alternative Offers

As noted earlier in this Report, PRFG's directors carried out a strategic review of the company's operations and engaged Deloitte to explore the options available to the company having regard to the unfavourable debt position of PRFG and the requirements imposed on PRFG by its financiers. We are advised that this process yielded two offers (from Marubeni and an investment fund) which we collectively refer to as 'the Alternative Offers' in this Report. We are advised that the offer from the investment fund is no longer an alternative for PRFG.

This appendix sets out an overview of the Marubeni Transaction which has been entered into by PRFG but is not able to be completed unless and until the Proposed Transaction is approved. The information set out in this appendix is a description of the Marubeni Transaction as at the date of this Report and is subject to change over time.

In our view, the entry into the Marubeni Transaction by PRFG does not impact our opinion on the Proposed Transaction as expressed in the body of this Report. Notwithstanding this, and as noted in Section 1.2 of this Report, we note that the directors of PRFG consider it possible that the agreement with Marubeni in relation to the Marubeni Transaction may be completed after the Proposed Transaction is approved in accordance with the conditions currently imposed on PRFG by the CBA. For this reason, and to provide PRFG Shareholders with additional information, we have set out an analysis of the Proposed Transaction under a scenario in which the Marubeni Transaction is entered into and completed immediately after the completion of the Proposed Transaction in Appendix E of this Report.

We note for completeness that there are a number of general risks inherent in the Marubeni Transaction 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 Marubeni Transaction to be renegotiated;
- Risk that the Marubeni Transaction 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 Marubeni Transaction 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 this 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 appendix only considers matters relevant to PRFG Shareholders in their capacity as holders of the equity in PRFG.

D.1 Alternative Offer from Marubeni Corporation

This section sets out a broad summary of the Marubeni Transaction. We have not assessed or expressed an opinion on the Marubeni Transaction in this Report.

For completeness we note that PRFG received an initial offer from Marubeni in September 2012 which was ultimately not submitted to Marubeni's investment committee. On 11 April 2013, Marubeni (with the support of PRFG) submitted a revised offer to its investment committee. This revised offer is referred to as the Marubeni Transaction in this Report.

Table D.1 below sets out some of the key terms of the Marubeni Transaction proposed as at the date of this Report.

Table D.1: Key Terms of the Marubeni Transaction

Offer Term	Detail
Assets and/or liabilities proposed to be acquired	• In broad terms, the Marubeni Transaction relates to the acquisition of the portion of PRFG's business which comprises the MVD, specifically the entities which relate to MFW, ACC and Kwik; and • Under the Marubeni Transaction, PRFG Shareholders will retain the remainder of PRFG's business operations including the Non Vehicle Consumer Finance Division which operates under the AMX Money brand.
Consideration proposed to be paid	• The consideration under the Marubeni Transaction consists of the following components: a) Cash consideration of $52 million 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 Marubeni Transaction. The earn-out amount payable is to be calculated based on the MVD's adjusted earnings before interest and tax ('Adjusted EBIT') for the relevant period(s); • For the 12 month period commencing on the completion of the Marubeni 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 Marubeni Transaction ('the Second Earn-Out Period'), an amount capped at $1,000,000 and equal to the aggregate of: a) 12% of the Adjusted EBIT for the Second Earn-Out Period; and b) Any amount of the Adjusted EBIT earned in the First Earn-Out Period in excess of $1,000,000; and • One-third of each of the earn-out payments that become payable to the PRFG under the terms of the Marubeni Transaction, 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 Marubeni 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 Marubeni 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 Marubeni Transaction.

Offer Term	Detail
Mechanics of the Marubeni Transaction	• The sale of the MVD under the Marubeni Transaction is proposed to be carried out by Marubeni acquiring 100% of the shares of Affordable Car Leasing Pty Ltd ('ACL'), a wholly owned subsidiary of PRFG; • Prior to the completion of the Marubeni Transaction, PRFG will be required to undertake a restructure whereby each of the relevant entities which comprise the MVD will become wholly owned subsidiaries of ACL; and • The relevant entities which comprise the MVD are currently wholly owned direct subsidiaries of PRFG.
Key dates	• Conditions Date: The date by which the conditions precedent to the completion of the Marubeni Transaction are required to be satisfied or waived. This date has not yet been agreed; and • Completion Date: The scheduled date of completion of the Marubeni Transaction. This date has not yet been agreed.

Offer Term	Detail
Conditions precedent	• The completion of the Marubeni Transaction has a number of conditions precedent, including: a) Approval by PRFG Shareholders; 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 Marubeni Transaction); c) The completion of the restructure of PRFG whereby each of the relevant entities which comprise the MVD will become wholly owned subsidiaries of ACL; d) Obtaining the consent of all relevant landlords to the Marubeni Transaction under the relevant leases for the businesses within the MVD; e) No event occurring or becoming known that has or could reasonably be expected to have a material adverse effect on the entities within the MVD, 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; and g) the execution and delivery of numerous ancillary documents including: i. A warranty certification certificate by PRFG; and ii. A funding commitment letter under which Marubeni commits to provide or procure the agreed funding for the MVD businesses during the period from the completion of the Marubeni Transaction to the end of the First Earn-Out Period; • The conditions must be satisfied or waived by the Conditions Date. 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 Marubeni Transaction; and • 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 Marubeni Transaction, as well as a number of more specific restrictions in respect of the MVD entities and MVD businesses during that period, unless Marubeni provides its consent.

Offer Term	Detail
Warranties and indemnities	• Under the terms of the Marubeni Transaction, PRFG is required to give numerous warranties and indemnities including in relation to a broad range of aspects of the MVD businesses to Marubeni. 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 Marubeni Transaction (in the case of any tax warranties the expiry of the claims period is five years from the completion of the Marubeni Transaction); and • Under the terms of the Marubeni Transaction, Marubeni 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 Marubeni's insurance policy and which, in aggregate, exceed $500,000.
Restraints	• The terms of the Marubeni Transaction contain a non-compete clause under which PRFG agrees that it and each of its affiliates will not: 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 Marubeni Transaction, or in the 24 month period prior to the completion of the Marubeni Transaction was, a customer of any MVD entity or business; d) Represent itself as being connected or associated with, or use a name that is similar to the present name, of an MVD entity, or do anything to harm the reputation of an MVD entity; or e) use or permit any of the MVD businesses' intellectual property to be used without Marubeni's prior consent; within Australia for a period of 5 years after the completion of the Marubeni Transaction, with the exception of continuing to conduct or carry on the retained business.

Offer Term	Detail
Other agreements and transaction documents	• **Transition Services Agreement:** Under the terms of the Marubeni Transaction, PRFG and Marubeni will enter into a Transition Services Agreement on or before the completion of the Marubeni 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 Marubeni 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 Marubeni 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 Marubeni Transaction, PRFG and Marubeni will enter into an Intellectual Property Assignment Deed on or before the completion of the Marubeni Transaction assigning all intellectual property used by ACL or an MVD entity or in the MVD businesses that is not owned by an MVD entity before the completion of the Marubeni Transaction. • **Independent Contractor Agreements:** Each of Rod James and Peter Llewellyn will enter into independent contractor agreements with Marubeni in respect of their engagement by Marubeni 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 E – Analysis of the Marubeni Transaction

This section of our Report sets out additional analysis and provides additional information under a scenario in which the Marubeni Transaction is completed on the terms and conditions currently entered into by the relevant parties immediately after the completion of the Proposed Transaction.

This section is set out as follows:

- Section E.1 sets out our calculation of the value of the net assets of the MVD proposed to be transferred to Marubeni under the terms of the Marubeni Transaction as at the date of this Report;
- Section E.2 sets out our calculation of the value of a PRFG share on a controlling interest basis assuming the Marubeni Transaction is completed;
- Section E.3 sets out our valuation of the Combined Entity on a minority interest basis assuming the Marubeni Transaction is completed;
- Section E.4 sets out our calculation of the total value of the consideration offered for each PRFG share assuming the Marubeni Transaction is completed; and
- Section E.5 sets out a comparison of the value of the consideration calculated for each PRFG share assuming the Marubeni Transaction is completed with the value of a PRFG share on a controlling interest basis.

E.1 Valuation of the Net Assets Proposed to be transferred to Marubeni under the Marubeni Transaction

Our calculation of the value of the net assets of the MVD proposed to be transferred to Marubeni under the terms of the Marubeni Transaction is set out in Table E.1 below.

We have considered both a low scenario and a high scenario when calculating the value of the net assets of the MVD in this Report. The valuation assumptions adopted for the MVD under each of the scenarios set out in Table E.1 below are consistent with the valuation assumptions adopted for the consolidated PRFG group and set out in Section 8.0 of this Report.

Table E.1: Value of the Net Assets of the MVD Proposed to be transferred to Marubeni under the Terms of the Marubeni Transaction

	Low As at 31-May-13 ($'000)	High As at 31-May-13 ($'000)
Assets		
Cash and cash equivalents	129	129
Trade and other receivables	64,287	67,453
Inventories	2,456	2,456
Properties, plant and equipment	530	530
Deferred tax assets	16,292	16,292
Goodwill and other intangible assets	-	8,490
Other current assets	250	250
Total Assets	**83,943**	**95,600**

	Low As at 31-May-13 ($'000)	High As at 31-May-13 ($'000)
Liabilities		
Trade and other payables	(481)	(481)
Borrowings	54,907	54,907
Provisions	855	855
Deferred tax liabilities	30,543	30,543
Total Liabilities	**85,823**	**85,823**
Net Assets	**(1,880)**	**9,777**

Source: PRFG May 2013 Management Accounts and BDO CFQ Analysis

In relation to Table E.1 above, we note the following:

- Trade and other receivables include the lease receivables and the legal receivables. We have adopted our calculated value for PRFG's lease receivables and legal receivables as set out in Section 8.2.1 and Section 8.2.2 of this Report;
- Deferred tax assets include the tax effect of our adjustments made to the value of PRFG's existing book of lease receivables and legal receivables (refer to Section 8.2.4 of this Report);
- As noted in Section 8.2.4 of this Report, we have adopted a net value for PRFG's deferred tax accounts of nil in this Report. The DTA figures set out in Table E.1 above include the adjustment required to reduce the net value of the consolidated PRFG group's deferred tax accounts to nil. We have incorporated the adjustment to the DTA in our calculation of the value of the net assets of the MVD as we consider it appropriate to assume that the whole of this adjustment relates to the MVD;
- Goodwill and intangible assets are assumed to equal nil under the low scenario and $8.5 million under the high scenario;
- Trade and other payables are adjusted for intra-group unsecured loans. We are informed by the Directors that these intra-group unsecured loans are likely to be forgiven and will not be transferred to Marubeni under the terms of the Marubeni Transaction; and
- Interest bearing debt of $54.9 million is transferred to Marubeni under the terms of the Marubeni Transaction.

Table E.1 above shows that our calculation of the value of the net assets of the MVD ranges from a deficiency of $1.9 million to a positive amount of $9.8 million. The net asset deficiency observed for the low scenario means that the value of the liabilities being transferred to Marubeni under this scenario is greater than the value of the assets being transferred. The positive net asset amount observed for the high scenario means that the value of the assets being transferred to Marubeni under this scenario is greater than the value of the liabilities being transferred.

We note that the consideration under the Marubeni Transaction consists of the following components (refer to Table D.1 above):

- Cash consideration of $52 million subject to any post completion adjustments that may be required for items including working capital; and

- An additional cash amount of up to $2 million payable pursuant to certain earn-out provisions being satisfied (refer to Section D.1).

We note the total maximum value of the consideration offered by Marubeni under the terms of the Marubeni Transaction of $54.0 million is less than the current value of the Motor Vehicle Division's interest bearing debt. Accordingly, we note that Marubeni is not placing any value on the equity in the MVD.

E.2 Valuation of a PRFG Share on a Controlling Interest Basis after the Completion of the Marubeni Transaction

Our calculation of the value of a PRFG share on a controlling interest basis after the completion of the Marubeni Transaction is set out in Table E.2.

Table E.2: Valuation of a PRFG Share on a Controlling Interest Basis after the Marubeni Transaction

	Reference	Low ($)	High ($)
Equity value of PRFG before the Marubeni Transaction (Controlling Interest)	Section 8.2.6	81,507	11,738,163
Value of the net liabilities (assets) transferred under the Marubeni Transaction	Section E.1	1,879,918	(9,776,738)
Equity value of PRFG after the Marubeni Transaction (Controlling Interest)		**1,961,425**	**1,961,425**
Number of PRFG shares	Section 5.2	172,191,089	172,191,089
Value of a PRFG share after the Marubeni Transaction (Controlling Interest)		**0.0114**	**0.0114**

Source: BDO CFQ Analysis

Table E.2 above shows that our calculation of the value of a PRFG share after the completion of the Marubeni Transaction is equal to $0.0114 per share on a controlling interest basis under both the low scenario and the high scenario.

E.3 Valuation of the Combined Entity on a Minority Interest Basis

E.3.1 Value of PRFG on a Minority Interest Basis

Our valuation of PRFG on a controlling interest basis after the completion of the Marubeni Transaction is set out in Section E.2. To determine a value for PRFG after the completion of the Marubeni Transaction on a minority interest basis, we consider it appropriate to apply a minority discount in the range of 16.7% and 28.6% consistent with our approach in Section 10.2.1 of this Report.

Our valuation of PRFG after the completion of the Marubeni Transaction on a minority interest basis is set out in Table E.3.

Table E.3: Valuation of PRFG on a Minority Interest Basis after the Marubeni Transaction

	Reference	Low ($)	High ($)
Equity Value of PRFG after the Marubeni Transaction (Controlling Interest)	Section E.2	1,961,425	1,961,425
Minority Interest Discount	Section 10.2.1	28.6%	16.7%
Equity Value of PRFG after the Marubeni Transaction (Minority Interest)		**1,401,018**	**1,634,521**

Source: BDO CFQ Analysis

E.3.2 Value of Keybridge on a Minority Interest Basis

Our valuation of Keybridge on a minority interest basis is set out in Section 10.2.2. We have adopted a value for Keybridge on a minority interest basis within the range of $27.5 million to $32.7 million in this Report.

E.3.3 Other Adjustments

Consistent with our approach in Section 10.2.3 of this Report, we consider it appropriate to adjust the equity value of the Combined Entity for the impact of the cash consideration payable by Keybridge under the terms of the Proposed Transaction and for the impact of transaction costs. The net effect of these adjustments is to reduce the equity value of the Combined Entity by an amount equal to $2.0 million.

E.3.4 Valuation of the Combined Entity

Our valuation of the Combined Entity after the completion of the Marubeni Transaction on a minority interest basis having regard to the information above is set out in Table E.4.

Table E.4: Valuation of the Combined Entity on a Minority Interest Basis after the Marubeni Transaction

	Reference	Low ($)	High ($)
Value of PRFG (Minority Interest)	Section E.3.1	1,401,018	1,634,521
Value of Keybridge (Minority Interest)	Section E.3.2	27,531,290	32,693,407
Other Adjustments	Section E.3.3	(2,000,000)	(2,000,000)
Value of Combined Entity (Minority Interest)		**26,932,308**	**32,327,928**

Source: BDO CFQ Analysis

With reference to Table E.4 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 after the Marubeni Transaction in the range of approximately $26.9 million to $32.3 million.

Our valuation of an ordinary share in the Combined Entity after the Marubeni Transaction on a minority interest basis is set out in Table E.5. We note that the Combined Entity is assumed to have 174,570,564 shares on issue under both the low scenario and the high scenario, comprising of the 172,070,564 Keybridge shares currently on issue in addition to the 2.5 million new shares to be issued to PRFG Shareholders under the Proposed Transaction. We note that all 2.5 million consideration shares are expected to be issued under both scenarios because the total value will be less than $500,000 in both cases.

Table E.5: Valuation of a Share in the Combined Entity on a Minority Interest Basis after the Marubeni Transaction

	Reference	Low ($)	High ($)
Value of Combined Entity after the Marubeni Transaction (Minority Interest)	Table E.4	26,932,308	32,327,928
Number of Keybridge shares on issue (post issue of shares to PRFG Shareholders)	Section 5.2	174,570,564	174,570,564
Value of a share in the Combined Entity (Minority Interest)		**0.1543**	**0.1852**

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 under a scenario in which the Marubeni Transaction is completed following the completion of the Proposed Transaction in the range of $0.1543 to $0.1852.

E.4 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.

PRFG Shareholders should refer to the Transaction Scheme Booklet and the Supplementary Transaction Scheme Booklet for further information in relation to the total consideration relating to the Proposed Transaction.

E.4.1 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 of this Report.

Scrip Component

Our view of the value of the scrip consideration is set out in Table E.6 below.

Table E.6: Total Scrip Consideration Offered per PRFG Share after the Marubeni Transaction

	Reference	Low	High
Number of Combined Entity Shares to be Issued	Section E.3.4	2,500,000	2,500,000
Value of Combined Entity Scrip	Section E.3.4	$0.1543	$0.1852
Total Value of the Scrip Consideration		**$385,694**	**$462,964**
Number of PRFG Shares on Issue	Section 10.3.2	172,191,089	172,191,089
Total Scrip Consideration Value per PRFG Share		**$0.0022**	**$0.0027**

Source: BDO CFQ Analysis

E.4.2 Subsequent Control Transaction Consideration

The directors of PRFG are of the view that the proposed sale of the MVD to Marubeni may not meet the definition of a Subsequent Control Transaction. Accordingly, the directors of PRFG are of the view that Subsequent Control Transaction Consideration may not be payable to PRFG Shareholders in circumstances where the Marubeni Transaction is completed on the terms and conditions currently proposed.

For reasons outlined above, we have not attributed any value to the Subsequent Control Transaction Consideration.

E.4.3 Total Consideration per PRFG Share

Our calculation of the total consideration on offer for each PRFG Share under the terms of the Proposed Transaction and after the Marubeni Transaction is set out in Table E.7.

Table E.7: Total Consideration Offered per PRFG Share after the Marubeni Transaction

	Reference	Low ($)	High ($)
Initial Cash Consideration	Section 10.3.1	0.0078	0.0078
Initial Scrip Consideration	Section 10.3.1	0.0022	0.0027
Subsequent Control Transaction Consideration	Section 10.3.2	Nil	Nil
Total Consideration Value per PRFG Share		**0.0101**	**0.0105**

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 $0.0101 and $0.0105 per PRFG share.

E.5 Value Comparison

Table E.8 below sets out a comparison of the value of the consideration offered for each PRFG share assuming the Marubeni Transaction is completed with the value of a PRFG share on a controlling interest basis.

Table E.8: Value Comparison After the Marubeni Transaction

	Reference	Low ($)	High ($)
Value of the total consideration per PRFG share after the Marubeni Transaction	Section E.4.3	0.0101	0.0105
Value of a share in PRFG (Controlling Interest)	Section 8.3	0.0005	0.0682

Source: BDO CFQ analysis

The valuations set out in this appendix have been prepared primarily to allow a comparison of the relative values of the total consideration being offered under the Proposed Transaction assuming the Marubeni Transaction completes and the value of a share in PRFG. While it is our view that the values we have adopted are appropriate as at the date of this Report, it is our view that the 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 the Marubeni Transaction is completed.

The value that is ultimately realised by PRFG Shareholders under a scenario in which the Marubeni Transaction is entered into and completed cannot be determined with accuracy as at the date of this Report and may differ materially to the values we have set out in this appendix.

The analysis set out in Table E.8 above indicates that our value of a share in PRFG on a controlling interest basis is within the range of the value calculated for the total consideration assuming the Marubeni Transaction is completed. It is our view that, in the absence of a superior proposal, the Proposed Transaction will remain **in the best interests** of PRFG Shareholders under a scenario in which the Marubeni Transaction is completed.

Annexure B

Amended Scheme

SCHEME OF ARRANGEMENT

pursuant to s.411 of the Corporations Act 2001

PR FINANCE GROUP LIMITED
(ABN 46 109 299 390)

EACH SCHEME PARTICIPANT

CONTENTS

SCHEME OF ARRANGEMENT dated 2013

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 Physical Delivery Date (but effective as at 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 Physical Delivery Date (but effective as at 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 Physical Delivery Date (but effective as at 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 Physical Delivery Date~~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 Physical Delivery ~~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 Physical Delivery ~~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 Physical Delivery ~~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 Physical Delivery ~~Implementation~~ Date; and

3.7.2 dispatching the certificates in respect of the Initial Keybridge Shares by pre-paid post on the Physical Delivery ~~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	means any additional consideration deliverable by

Term	Meaning
Consideration	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 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.
Physical Delivery	means, in relation to the Scheme, the second Business Day

Term	Meaning
Date	after the date of the order of the Court approving the Scheme, pursuant to section 411(10) of the Corporations Act.
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 Shareholder	means each person registered in the PR Finance Share 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~~the Effective 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.

Term	Meaning
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 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 C

Amended Deed Poll

SCHEME DEED POLL

KEYBRIDGE CAPITAL LIMITED

IN FAVOUR OF EACH SCHEME PARTICIPANT

CONTENTS

DEED POLL dated 2013

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. At the Second Court Hearing, the court ordered that the application to approve the Scheme be adjourned until a number of conditions relating to the ratification of resolution passed at the Scheme Meeting had been satisfied (**Court Ratification Conditions**) and indicated that if the Court Ratification Conditions were satisfied and the Court ordered that the Scheme be approved, the Court would be prepared to consider exercising its power to make an order that the order approving the Scheme would be stated to take effect as at 25 June 2013 and the implementation of the Scheme be taken to have occurred on 28 June 2013.

~~B.~~D. PR Finance and Keybridge propose to agree (prior to the court hearing) to extend the Quit Date under the Scheme Implementation Agreement from 30 June 2013 until 31 August 2013.

~~C.~~E. 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:

Court Ratification Conditions means the conditions imposed by the Court at the Second Court Hearing set out in paragraph 60 of the Reasons for Judgment.

Physical Delivery Date means, in relation to the Scheme, the second Business Day after the Ratification Court Date.

Ratification Court Date means the date upon which the application made to the Court for an order approving the Scheme pursuant to section 411(4)(b) of the Corporations Act is resumed or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

Ratification Court Hearing means the date upon which the application made to the Court for an order approving the Scheme pursuant to section 411(4)(b) of the Corporations Act is resumed or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

Reasons for Judgment means *PR Finance Group Limited, in the matter of PR Finance Group Limited (No 2)* [2013] FCA 633.

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 in the manner as stated in the Reasons for Judgment.

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 (as extended by written agreement between PR Finance and Keybridge), 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 and the orders of the Court made at the Ratification Court Hearing.

3.2. The obligation of Keybridge under clause 3.1 will be satisfied if, on or prior to the Physical Delivery Date (but effective as at 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 Physical Delivery Date (but effective as at 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~~ Physical Delivery Date; and

3.4.2. dispatching the certificates in respect of the Initial Keybridge Shares by pre-paid post on the Physical Delivery ~~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

Notice of Ratification Scheme Meeting

Notice of Court ordered Ratification Scheme Meeting of PR Finance Group Limited ACN 109 299 390 (PRF)

Notice is given that, by an order of the Federal Court of Australia, a ratification meeting of PRF Shareholders will be held at PRF's offices at Suite 10, 10 Cloyne Road, Southport, Queensland 4215 on 12 August 2013 at 9.00 am (**Ratification Scheme Meeting**).

Business
The purpose of the Ratification Scheme Meeting is to consider, and if thought fit, to approve (by the statutory majorities of PRF Shareholders) a resolution ratifying the approval of the Scheme by PRF Shareholders given at the Scheme Meeting that was held on 14 June 2013.

To assist you in making an informed voting decision, further information on the Scheme is set out in the Supplementary Scheme Booklet accompanying this notice and the Scheme Booklet.

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.

Resolution
To consider and, if thought fit, to pass the following resolution:

> *That the following resolution which was passed on 14 June 2013 by the statutory majority of PRF Shareholders be ratified:*
>
> > *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 sections 411(4)(b) and 411(10) 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 Ratification Scheme Meeting on the basis that the Court exercise its discretion to order that the Scheme becomes Effective on 25 June 2013 so that the Scheme is treated for all purposes as being implemented on 28 June 2013.

Requisite majority
This resolution must be passed by a majority in numbers of holders of PRF 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

PRF Shares will be taken to be held by the persons who are the registered holders at 7.00 pm on 10 August 2013. All parties who are PRF Shareholders at that time are entitled to vote at the Ratification Scheme Meeting.

How to vote

PRF Shareholders entitled to vote at the Ratification 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 Ratification Scheme Meeting.

Voting in person (or by attorney or corporate representative)

PRF Shareholders or their attorneys who plan to attend the Ratification Scheme Meeting should arrive at the venue by 8.30 am on 12 August 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 Ratification Scheme Meeting, a corporation which is a PRF 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 Ratification Scheme Meeting.

2 A PRF Shareholder has a right to appoint a proxy.

3 The proxy need not be a PRF Shareholder.

4 A PRF 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 PRF Shareholder or the Scheme Shareholder's attorney. If the PRF 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 Ratification Scheme Meeting should be used for the Ratification 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	9.00 am on 10 August 2013.