

Court approves convening of PGL Scheme Meeting and Scheme Booklet registered with ASIC



Release date: 13 June 2024

Further to the announcement by Prospa Group Limited (ASX:PGL) ("Prospa" or the "Company") to the ASX on 27 February 2024 of the proposed acquisition of Prospa by a consortium led by the Salter Brothers Tech Fund ("Consortium") by way of scheme of arrangement ("Scheme"), Prospa is pleased to provide an update on the Scheme.

Court Approval

Prospa is pleased to announce that the Supreme Court of New South Wales has made orders in relation to the Scheme:

- that Prospa convene and hold a meeting of Prospa Shareholders (other than Salkbridge Pty Ltd ("BidCo") and any Consortium member ("Excluded Shareholders")) to consider and vote on the Scheme ("Scheme Meeting"); and
- approving the distribution of the scheme booklet providing information about the Scheme and the General Meeting (defined below), and which includes the Independent Expert's Report, Notice of General Meeting and Notice of Scheme Meeting ("Scheme Booklet").

Details of General Meeting

As announced on 27 February 2024, Prospa has agreed with its lender iPartners to amend the iPartners Facility Agreement to allow Prospa to on-lend up to \$12 million in funds drawn under the iPartners Facility Agreement to BidCo to fund the payment of part of the cash consideration to Prospa Shareholders under the Scheme ("iPartners Funding"). The provision of the iPartners Funding is subject to approval by Prospa Shareholders at a general meeting ("General Meeting").

The General Meeting is expected to be held virtually at 3.00pm (Sydney time) on Tuesday, 16 July 2024. All registered Prospa Shareholders (other than Excluded Shareholders) as at 5.00pm (Sydney time) on Sunday, 14 July 2024 will be eligible to vote at the Scheme Meeting.

Details of Scheme Meeting

The Scheme Meeting is expected to be held virtually at 3.15pm (Sydney time) on Tuesday, 16 July 2024 or immediately following the General Meeting.

All Prospa Shareholders (other than Excluded Shareholders) as at 5.00pm (Sydney time) on Sunday, 14 July 2024 will be eligible to vote at the Scheme Meeting.

Prospa Shareholders are encouraged to vote by attending the General Meeting and Scheme Meeting online or by attorney or corporate representative, or alternatively, by completing their personalised proxy forms and ensuring they are received by 3.00pm (Sydney time) on Sunday, 14 July 2024.¹

Scheme Booklet and Independent Expert's Report

Prospa confirms that the Scheme Booklet has been registered with the Australian Securities and Investment Commission ("ASIC"). A copy of the Scheme Booklet is attached.

The Scheme Booklet includes a copy of the independent expert's report prepared by Kroll Australia Pty Ltd ("Independent Expert"). The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Prospa Shareholders, in the absence of a Superior Proposal. The Independent Expert has assessed the value of Prospa Shares at between \$0.43 and \$0.49 per Prospa Share. The Cash Consideration of \$0.45 per Prospa Share is within this range.

¹ As Sunday is not a business day, if Prospa Shareholders intend to mail their proxy forms or powers of attorney, they should ensure that they allow sufficient time for them to be received by the Prospa Registry by close of business (Sydney time) on Friday, 12 July 2024.

The Scheme Booklet, including the Independent Expert's Report, Notice of General Meeting, Notice of Scheme Meeting, the proxy forms for both meetings and an election form for the scrip consideration, will be dispatched to Prospa Shareholders as follows:

- Prospa Shareholders who have elected to receive electronic communications from Prospa will receive an email containing a link to the Prospa Scheme website where they can access and download a copy of the Scheme Booklet, as well as personalised proxy forms and an election form;
- Prospa Shareholders who have elected to receive hard copies of all communications from Prospa will receive a physical copy of the Scheme Booklet and personalised proxy forms and an election form (by post); and
- all other Prospa Shareholders will receive a letter (by post) containing the link to the Prospa Scheme website where they can access and download a copy of the Scheme Booklet, as well as personalised proxy forms and an election form.

Independent Board Committee recommendation

The Prospa Independent Board Committee continues to unanimously recommend that Prospa Shareholders approve the Scheme by voting in favour of the Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Prospa Shareholders.

Subject to those same qualifications, each Independent Board Committee member intends to vote all their Prospa Shares in favour of the resolutions at the Meetings.

Further information in relation to how to participate and vote at the Meetings is set out in the Scheme Booklet (including the Notice of Scheme Meeting). Prospa Shareholders are encouraged to read the Scheme Booklet in its entirety before making a decision on how to vote at the Meetings.

Shareholder Information Line

For further information, please refer to the Scheme Booklet. If you have any questions, please contact Prospa's Shareholder Information Line on 1800 236 994 (for callers within Australia) or +61 1800 236 994 (for callers outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays).

This announcement has been authorised for release by the Board.

ENDS

For further information, contact:

Company Secretary

Stephanie Rowland

Senior Legal Counsel & Company Secretary

stephanie.rowland@prospa.com

Media and Investor Relations

Melanie Singh

Senior Investor Relations Manager, NWR

+61 439 748 819

melanie@nwrcommunications.com.au

About Prospa

Prospa Group Limited (ASX: PGL) is a leading fintech with a commitment to unleash the potential of small business in Australia and New Zealand. We do this through an innovative approach to developing simple, stress free and seamless financial management products and services.

Since 2012, we have provided more than \$4.0 billion of funding to support the growth and operations of thousands of small businesses. We also work with more than 16,000 trusted brokers, accountants, and aggregator partners, to deliver flexible funding solutions to their clients.

At Prospa, we're serious about our impact on our people, communities, and the planet. Our core company value of One Team is backed by our recognition as a Great Place To Work in Australia and a WORK180 Endorsed Employer for Women.

For more information about Prospa, visit prospa.com or investor.prospa.com.

Scheme Booklet

Prospa Group Limited ACN 625 648 722

For a scheme of arrangement between Prospa Group Limited and certain of its shareholders, in relation to the proposed acquisition by Salkbridge Pty Ltd, an entity owned by a consortium led by the Salter Brothers Tech Fund, of all Prospa Shares other than those owned or which will be owned by Salkbridge Pty Ltd

The Independent Board Committee unanimously recommends that you APPROVE THE SCHEME BY VOTING IN FAVOUR OF THE RESOLUTIONS, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Prospa Shareholders, in the absence of a Superior Proposal. The Independent Expert's conclusion should be read in conjunction with the full Independent Expert's Report and the Scheme Booklet.

This is an important document and requires your immediate attention.

You should read this Scheme Booklet carefully and in its entirety before you decide whether or not to vote in favour of the Resolutions.

If you are in doubt about how to deal with this document, you should consult your broker or financial, tax, legal or other professional adviser immediately.

Financial Adviser

RTG Capital Partners

Legal Adviser



Tax Adviser



If you have any questions in relation to this Scheme Booklet or the Scheme, you should call the Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia) at any time between 8.30am and 5.30pm (Sydney time) on Monday to Friday, excluding public holidays.

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Important notices

This Scheme Booklet contains important information

This Scheme Booklet includes the explanatory statement required to be sent to Prospa Shareholders under Part 5.1 of the Corporations Act in relation to the Scheme.

The purpose of this Scheme Booklet is to explain the terms of the Scheme and associated Resolutions and the manner in which the Scheme will be considered and implemented (if approved by the requisite majority of Prospa Shareholders and by the Court) and to provide information as prescribed, or which is otherwise material to the decision of Prospa Shareholders whether or not to approve the Scheme and the Resolutions. This document includes the explanatory statement for the Scheme required by section 412(1) of the Corporations Act and the explanatory statement and information for the General Meeting Resolutions as required by each of Chapter 2E of the Corporations Act (Related party transactions) and Part 2J.3 of the Corporations Act (Financial Assistance).

You should read this document in its entirety before making a decision as to how to vote. You should also consult your legal, financial, tax or other professional adviser.

Status of Scheme Booklet

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Section 708(17) of the Corporations Act provides that an offer of securities does not need disclosure to investors under Part 6D.2 of the Corporations Act if it is made under a compromise or arrangement under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under section 411(1). Instead, Prospa Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

Responsibility for information

The Prospa Information has been prepared by Prospa and is the responsibility of Prospa. None of the BidCo Group Members, nor any of their respective directors, officers, employees, advisers or Affiliates assume any

responsibility for the accuracy or completeness of the Prospa Information or any part of it.

The BidCo Information has been prepared by BidCo and is the responsibility of BidCo. None of Prospa, its Subsidiaries, Directors, officers, employees, advisers or Affiliates assume any responsibility for the accuracy or completeness of the BidCo Information or any part of it.

Nuwaru has prepared the Tax Implications contained in Section 7 and takes responsibility for that section. Kroll Australia Pty Ltd ('Kroll') has prepared the Independent Expert's Report in relation to the Scheme contained in Annexure 1 and takes responsibility for that report. None of Prospa, its Subsidiaries, Directors, officers, employees, advisers or Affiliates, nor the BidCo Group Members and their respective directors, officers, employees, advisers or Affiliates assume any responsibility for the accuracy or completeness of the information contained in the Tax Implications in Section 7 or any part of it or the Independent Expert's Report or any part of it.

ASIC and ASX involvement

A copy of this Scheme Booklet has been registered by ASIC pursuant to section 412(6) of the Corporations Act. ASIC has been provided a copy of this Scheme Booklet and been given the opportunity to comment on this Scheme Booklet in accordance with section 218 and section 411(2) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court on the Second Court Date.

A copy of this Scheme Booklet has been provided to the ASX for its review in accordance with the Listing Rules. Neither ASIC nor the ASX nor any of their respective officers take any responsibility for the contents of this Scheme Booklet.

Forward looking statements

Certain statements in this Scheme Booklet relate to the future. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results,

performance or achievements to be materially different from expected future results, performance or achievements expressed or implied by those statements. These statements reflect only views held as at the Last Practicable Date and should not be taken to be forecasts or predictions that those events will occur. Additionally, statements of intention in this Scheme Booklet reflect present intentions as at the date of this document and may be subject to change.

Actual events or results may differ materially from events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. Other than as required by law, none of Prospa or its Subsidiaries, nor any of their respective directors, officers, employees, advisers or Affiliates, nor the BidCo Group Members, nor any of their respective directors, officers, employees, advisers or Affiliates, nor any other person gives any representation, assurance or guarantee that the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur and you are cautioned not to place undue reliance on any forward looking statement.

Subject to any continuing obligations under law or the Listing Rules, Prospa and its Subsidiaries and the BidCo Group and their respective directors, officers, employees, advisers and Affiliates disclaim any obligation or undertaking to disseminate after the Last Practicable Date any updates or revisions to any forward looking statements to reflect any change in expectations in relation to those statements or change in events, conditions or circumstances on which a statement is based.

No financial product or investment advice

The information and recommendations contained in this Scheme Booklet do not constitute financial product advice. This Scheme Booklet has been prepared without taking into account the objectives, financial situation, tax position or particular needs of individual Prospa Shareholders. It is important that you consider the information in this Scheme Booklet in light of your particular circumstances. This Scheme Booklet should not be relied on as the sole basis for any investment decision in relation to Prospa Shares and you should also consult your legal, financial, tax or other professional adviser before making any investment decision and any decision as to whether or not to vote in favour of the Resolutions and whether or not to make an Election to receive the Scrip Consideration.

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

The fact that under section 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the notice of the meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Prospa Shareholders should vote (on this matter Prospa Shareholders must reach their own decision); or
- has prepared, or is responsible for the content of, the explanatory statement.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

Notice of Meetings

The Notice of General Meeting (at which Prospa Shareholders other than Excluded Shareholders will be asked to approve the General Meeting Resolutions) is set out in Annexure 7.

The Notice of Scheme Meeting (at which Prospa Shareholders other than the Excluded Shareholders will be asked to approve the Scheme Resolution) is set out in Annexure 8.

Notice of Second Court Date

On the Second Court Date, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any Prospa Shareholder may appear at the hearing on the Second Court Date expected to be held at 9.15am (Sydney time) on Wednesday, 31 July 2024 at the Supreme Court of New South Wales, Law Courts Building, 184 Phillip Street, Sydney New South Wales 2000, Australia. Any Prospa Shareholder who wishes to oppose approval of the Scheme on the Second Court Date may do so by filing with the Court and serving on Prospa a notice of appearance in the prescribed form together with any affidavit that the Prospa Shareholder proposes to rely on. Any change to the date of the Second Court Date will be announced by Prospa through the ASX.

Shareholders outside Australia

This Scheme Booklet is subject to Australian disclosure requirements.

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in those jurisdictions and persons who come into possession of it should seek advice on and observe any restrictions. Any failure to comply with those restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared solely in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

A Scheme Shareholder whose address shown in the Prospa Share Register is a place outside Australia or New Zealand as at the Scheme Record Date will be deemed an Ineligible Foreign Shareholder and HoldCo is under no obligation to allot or issue you the Scrip Consideration unless HoldCo determines that it is lawful and not unduly onerous or impracticable to issue the Scheme Shareholder with New HoldCo Shares when the Scheme becomes Effective. If you are an Ineligible Foreign Shareholder, you will not be entitled to receive the Scrip Consideration. If you are an Ineligible Foreign Shareholder and elect to receive the Scrip Consideration, your election will be invalid and have no effect, and you will receive the Cash Consideration for all of your Prospa Shares held on the Scheme Record Date.

Prospa Shareholders resident outside Australia for tax purposes should also seek specific taxation advice in relation to the Australian and overseas tax implications of their participation in the Scheme.

Please note that neither Prospa nor the BidCo Group Members are in the business of dealing in securities, nor do they purport to hold themselves out as carrying on a business of dealing in securities.

Tax implications of the Scheme

If the Scheme becomes Effective and is implemented, there may be tax consequences for Scheme Shareholders which may include tax being payable on any capital gain on disposal of Prospa Shares.

For further detail regarding the general Australian tax consequences of the Scheme, refer to the Tax Implications set out in Section 7. The tax consequences of the Scheme may vary depending on the nature and characteristics of each Prospa Shareholder and their specific circumstances including whether they receive the Cash Consideration or the Scrip Consideration and whether they are tax resident in a jurisdiction other than Australia. Accordingly, Prospa Shareholders should seek professional tax advice on the consequences of the Scheme in relation to their particular circumstances.

Privacy

Prospa, the BidCo Group and the Prospa Registry may collect personal information in the process of implementing the Scheme. This information may include the names, contact details and security holdings of Prospa Shareholders and the names of persons appointed by a Prospa Shareholder to act as proxy, attorney or corporate representative of the Prospa Shareholder at the Meetings. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of collecting this information is to assist Prospa to conduct the Meetings and to implement the Scheme. Personal information of the type described above may be disclosed to the Prospa Registry, print and mail service providers, authorised securities brokers and Related Bodies Corporate of Prospa.

Prospa Shareholders have certain rights to access personal information that has been collected. They should contact Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday, excluding public holidays, if they wish to access their personal information.

Prospa Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

Interpretation

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

A reference to a Section or Annexure is a reference to a section of, or annexure to, this Scheme Booklet, unless otherwise stated.

Some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different from those in the Glossary.

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Last Practicable Date. A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, their actual calculation may differ from the calculations shown in this Scheme Booklet.

The financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. A reference to \$, A\$ and AUD and cents is to Australian currency, unless otherwise stated. A reference to NZ\$ and NZD is to the currency of New Zealand.

All times referred to in this Scheme Booklet are references to times in Sydney, Australia, unless otherwise stated.

Prospa's website

The content of Prospa's website does not form part of this Scheme Booklet and Prospa Shareholders should not rely on that content.

Date

This Scheme Booklet is dated Wednesday, 12 June 2024.

Important dates

Date	Event
Wednesday, 12 June 2024	First Court Date The Court made orders convening the Scheme Meeting.
Thursday, 11 July 2024	Expected ASX announcement of indicative outcome of elections
3.00pm (Sydney time) Sunday, 14 July 2024	Direct voting and Proxy Form deadline Latest time and date for direct voting and receipt of Proxy Forms and powers of attorney to be received by the Prospa Registry for the Meetings Note: As this is not a business day, if you intend to mail your Proxy Form or powers of attorney, you should ensure that you allow sufficient time for it to be received by the Prospa Registry by close of business (Sydney time) on Friday, 12 July 2024
5.00pm (Sydney time) Sunday, 14 July 2024	Meetings Record Date – Entitlement to vote at Meetings Time and date for determining eligibility of Prospa Shareholders (other than Excluded Shareholders) to vote at the Meetings
3.00pm (Sydney time) Tuesday, 16 July 2024	General Meeting and Scheme Meeting The General Meeting and the Scheme Meeting to be held virtually (with the Scheme Meeting to be held immediately following the conclusion of the General Meeting)
If the Resolutions are approved by the requisite majorities of Prospa Shareholders (other than Excluded Shareholders) at the Meetings	
5.00pm (Sydney time) Monday, 29 July 2024	Election Time Latest time and date for Eligible Prospa Shareholders to make an election for the Scrip Consideration by submitting an Election Form to the Prospa Registry or making an Election online at https://investor.prospa.com/scheme/ .
Wednesday, 31 July 2024	Second Court Date Prospa will seek Court orders approving the Scheme
Thursday, 1 August 2024	Effective Date Court order is lodged with ASIC and announcement to ASX and Scheme becomes Effective and is binding on Prospa Shareholders Last day of trading in Prospa Shares on the ASX – Prospa Shares will be suspended from trading on ASX from close of trading
7.00pm (Sydney time) Monday, 5 August 2024	Scheme Record Date Record date for determining entitlement to Scheme Consideration

Thursday, 8 August 2024 **Implementation Date**

Payment of the Cash Consideration (by either cheque or electronic funds transfer to the nominated bank accounts)

Issue of New HoldCo Shares to Eligible Prospa Shareholders who have made an Election to receive the Scrip Consideration (subject to any scale back)

Note: all dates stated above or throughout this Scheme Booklet are indicative only and (among other things) are subject to all necessary approvals from the Court and regulatory authorities including ASIC, ASX and FIRB. Any changes to the above timetable (which may include an earlier or later date for the Second Court Date) will be announced through the ASX and notified on Prospa's website (www.prospa.com).

Letter from the Chair of Prospa

Wednesday, 12 June 2024

Dear Prospa Shareholder,

I am pleased to provide you with this Scheme Booklet in relation to a proposal by a consortium led by Salter Brothers Tech Fund (the **Consortium**) under which Salkbridge Pty Ltd (**Salkbridge** or **BidCo**), a newly incorporated proprietary company ultimately owned by the Consortium, proposes to acquire 100% of Prospa Shares held by Scheme Shareholders by way of scheme of arrangement (referred to in this Scheme Booklet as the **Scheme**).

Overview

On 27 February 2024, Prospa announced that it had entered into a Scheme Implementation Deed with BidCo in relation to the Scheme.

If the Scheme is approved and implemented, Prospa Shareholders (other than those who make an Election for the Scrip Consideration described below and Excluded Shareholders) will receive cash payments equal to \$0.45 per Prospa Share (**Cash Consideration**) in respect of all of the Prospa Shares that they hold as at the Scheme Record Date.

As an alternative to receiving the Cash Consideration in respect of all of their Prospa Shares, Eligible Prospa Shareholders may Elect to receive the Scrip Consideration with respect to all of their Prospa Shares. Under the Scrip Consideration, Eligible Prospa Shareholders may Elect to receive one share in PGL HoldCo Pty Limited (**HoldCo**) for each Prospa Share they hold as at the Scheme Record Date (**Scrip Consideration**). BidCo is a wholly owned subsidiary of HoldCo.

Ineligible Foreign Shareholders (being those Scheme Shareholders with an address shown in the Prospa Registry that is outside Australia or New Zealand as at the Scheme Record Date¹) will not be entitled to elect to receive the Scrip Consideration (please refer to the heading 'Scrip Consideration' in this letter, and also page 8 and Section 2.10 for more information).

Independent Board Committee

An Independent Board Committee (comprising myself as Chair, Fiona Trafford-Walker and Mary Ploughman) was established in August 2023 by the Board of Prospa to consider a potential proposal from BidCo. This involved managing the Scheme if a proposal was forthcoming, considering whether it was appropriate for the Independent Board Committee to recommend or reject the proposal and, if applicable, considering any Competing Proposal. The Scheme is not subject to any exclusivity restrictions, and a number of potential bidders, including strategic parties, have been contacted with a view to encouraging a Competing Proposal for the Scheme, although as at the Last Practicable Date no such proposal has emerged.

¹ If you are an Ineligible Foreign Shareholder, HoldCo is under no obligation to allot or issue you the Scrip Consideration, unless HoldCo determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New HoldCo Shares when the Scheme becomes Effective.

Independent Board Committee recommendation and voting intentions

The members of the Independent Board Committee have carefully considered BidCo's proposal and unanimously recommend that Prospa Shareholders (other than Excluded Shareholders) approve the Scheme by voting in favour of the Resolutions. In assessing the Scheme, the Independent Board Committee considered the merits and disadvantages of the Scheme for Prospa Shareholders, as well as potential alternatives available to Prospa including remaining a standalone ASX listed business. The Independent Board Committee's unanimous recommendation that you vote in favour of the Scheme is based on the quantum of the Cash Consideration and you should be mindful of those matters listed under the heading 'Considerations in relation to electing the Cash Consideration or the Scrip Consideration' below. The reasons to vote for the Scheme and why you may choose to vote against the Scheme are set out in the section of the Scheme Booklet immediately following this letter.

Each Independent Board Committee member intends to vote in favour of the Resolutions in respect of all Prospa Shares they own or control, subject to no Superior Proposal emerging and the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders. Each of Gregory Moshal, Beaumont Bertoli and Aviad Eyal have advised the Independent Board Committee that they intend to vote in favour of the Resolutions and to Elect and receive the Scrip Consideration, subject to no Superior Proposal emerging and the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders. Accordingly, due to the material stake that each Director will hold or be associated with in HoldCo, each has abstained from making a recommendation in relation to the General Meeting Resolutions.

Independent Expert's conclusion

The Independent Board Committee commissioned Kroll to prepare an Independent Expert's Report for the Scheme. The Independent Expert has assessed the value of a Prospa Share to be between \$0.43 and \$0.49 and concluded that, on the basis of the Cash Consideration only, the Scheme is fair and reasonable and, therefore, is in the best interests of Prospa Shareholders, in the absence of a Superior Proposal. The Independent Expert has not provided an opinion on the Scrip Consideration as it considers it is not possible to reliably estimate the value of a HoldCo Share. The Independent Expert's Report is included in Annexure 1 and I strongly encourage you to read it in full.

Cash Consideration

The Cash Consideration of \$0.45 per Prospa Share will be paid to each Scheme Shareholder in respect of any Prospa Shares they hold as at the Scheme Record Date (if they have not made an Election for the Scrip Consideration) and will provide those Scheme Shareholders with an opportunity to realise immediate and certain value for their Prospa Shares at a premium to Prospa's trading prices prior to 26 February 2024, being the last trading day prior to the announcement of the Scheme.

The Cash Consideration of \$0.45 per Prospa Share represents a:

- 25.7% premium to the volume weighted average price (**VWAP**) of Prospa Shares following the release to the ASX of the first half trading update for financial year 2024 up to and including 26 February 2024 of \$0.358;
- 36.4% premium to the 6-month VWAP of Prospa Shares up to and including 26 February 2024 of \$0.33; and
- 31.9% premium to the 12-month VWAP of Prospa Shares up to and including 26 February 2024 of \$0.34.

Scrip Consideration

The default form of consideration under the Scheme is the Cash Consideration which provides Prospa Shareholders with the opportunity to receive \$0.45 per Prospa Share for all of their Prospa Shares. However, Eligible Prospa Shareholders may instead choose the Scrip Consideration. Such an election by a Prospa Shareholder must be in respect of all of their Prospa Shares held as at the Scheme Record Date. The Scrip Consideration enables Eligible Prospa Shareholders to maintain an interest in the Prospa business if they wish to do so.

Eligible Prospa Shareholders who make a valid election for the Scrip Consideration will receive one New HoldCo Share for each Prospa Share they hold as at the Scheme Record Date. The Scrip Consideration is not available to Ineligible Foreign Shareholders. Ineligible Foreign Shareholders will only be entitled to receive the Cash Consideration in respect of all their Scheme Shares.

If a Prospa Shareholder lodges an Election Form or lodges an Election online to receive the Scrip Consideration and the election is invalid for any reason whatsoever (including because they are not an Eligible Prospa Shareholder), that Election will have no effect and they will receive the Cash Consideration for all of their Prospa Shares (unless otherwise determined by BidCo to be deemed a valid election in accordance with clause 5.2(j) of the Scheme).

Minimum Election Condition Precedent

It is a Condition Precedent of the Scheme that Eligible Prospa Shareholders that have or are deemed to have made Elections for the Scrip Consideration (together with any Prospa Shares held by a BidCo Group Member, including the BidCo Group Shareholding) comprise at least 73.30% of the Prospa Shares on issue on the Scheme Record Date (**Minimum Election Condition Precedent**)².

Following the announcement of the Scheme, a number of large shareholders, including Prospa's Executive Directors, Gregory Moshal and Beaumont Bertoli, representing a total of 73.30% shares on issue of Prospa on the Scheme Record Date (when taken together with Prospa Shares held by the Consortium and BidCo Group Members), have each advised the Independent Board Committee that they intend to vote in favour of the Resolutions and to Elect and receive the Scrip Consideration, in the absence of a Superior Proposal emerging.

Accordingly, the Independent Board Committee is satisfied that there is a reasonable basis to expect that the Minimum Election Condition Precedent and the Condition Subsequent will be met.

Considerations in relation to electing the Cash Consideration or the Scrip Consideration

The Independent Board Committee's unanimous recommendation that you vote in favour of the Scheme is based on the quantum of the Cash Consideration. The Independent Board Committee makes no recommendation regarding the Scrip Consideration except to note that the appropriateness of the Scrip Consideration will depend significantly on the characteristics and risk profile of the Eligible Prospa Shareholder.

Electing to receive the Scrip Consideration carries additional risks, including:

- there will be no public market for the trading of shares in HoldCo (an unlisted public company) post-implementation of the Scheme, nor is there expected to be any such market in the future;

² Refer to Section 2.5 which provides details in relation to the Minimum Election Condition Precedent.

- there are restrictions on the disposal of HoldCo Shares under the HoldCo Shareholders' Deed that will restrict any prospective seller of HoldCo Shares from trading in their HoldCo Shares which result in HoldCo Shares being substantially illiquid;
- Prospa Shareholders who receive HoldCo Shares under the Scheme will become parties to the HoldCo Shareholders' Deed, HoldCo Constitution and, if applicable, Nominee Deed which are intended to govern the relationship between HoldCo investors, and will have more limited voting rights under the HoldCo Shareholders' Deed as compared to their position currently as Prospa Shareholders. An individual HoldCo Shareholder or group of HoldCo Shareholders, acting together (other than the Consortium Members), will not be able to affect the governance of HoldCo (subject to certain reserved matters and percentage holdings which entitle HoldCo Shareholders to greater rights); and
- an investment in HoldCo will not involve various protections which Prospa Shareholders experience when investing in an ASX-listed company, including continuous disclosure obligations under the ASX Listing Rules and Australia's takeover regime which will not apply so long as HoldCo does not have more than 50 members.

Eligible Prospa Shareholders who are considering electing to receive the Scrip Consideration should:

- carefully consider the information set out in Sections 4 and 5.4 relating to the features and risks of the HoldCo Shares that comprise the Scrip Consideration;
- take into account that the HoldCo Shares would be subject to the rights and obligations set out in the HoldCo Constitution, HoldCo Shareholders' Deed and, where applicable, the Nominee Deed, copies of which are set out in Annexure 4, Annexure 5 and Annexure 6, respectively;
- carefully consider the matters set out in Section 4 and the risk factors set out in Sections 5.2 and 5.3 in relation to the business and operations of Prospa;
- refer to the Independent Expert's Report and the views expressed therein in relation to the Scrip Consideration;
- consider the potential taxation implications under Australian income tax law and foreign tax laws in connection with the Scrip Consideration (see the Tax Implications set out in Section 7); and
- obtain appropriate legal, financial, tax or other professional advice about whether an investment in HoldCo Shares is appropriate to their specific circumstances before deciding whether to make an election for the Scrip Consideration.

Meetings to approve the Scheme and General Meeting Resolutions

The Scheme can only be implemented if it is approved by the requisite majority of Prospa Shareholders, which comprises of more than 50% of Prospa Shareholders (other than Excluded Shareholders) present and voting³ (either via the online platform or by proxy, attorney or corporate representative) and at least 75% of votes cast on the resolution, and if it is subsequently approved by the Court. The Scheme is also subject to a number of Conditions Precedent which are outlined in Section 2.3, including approval of the General Meeting Resolutions by the requisite majority of Prospa Shareholders. These approvals will be sought at a General Meeting of Prospa Shareholders that is scheduled to be held virtually on Tuesday, 16 July 2024 at 3.00pm (Sydney time) immediately prior to the Scheme Meeting. If you do not wish to or are unable to attend the Meetings on this day

³ The Court has a discretion to dispense with the need to satisfy the 50% 'headcount' test.

via the online platform, you may appoint a proxy, attorney or, in the case of a corporate Prospa Shareholder, a corporate representative to attend the Meetings via the online platform and to vote on your behalf.

Your vote is important and I encourage you to vote through the online platform during the virtual meeting or using one of the other methods outlined in the section of the Scheme Booklet titled 'What you should do'. If you wish for the Scheme to proceed, it is important that you vote in favour of the Resolutions.

Further information in relation to the Scheme is contained in this Scheme Booklet. I encourage you to read it in its entirety as it contains important information that will need to be considered before you vote on the Resolutions. You should also consult your legal, financial, tax or other professional adviser before making any investment decision in relation to your Prospa Shares.

If you have any questions about the Scheme or any other matter in this Scheme Booklet, you should contact Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday, excluding public holidays.

On behalf of the Prospa Board, I would like to take this opportunity to thank you again for your continued support of Prospa.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gail Pemberton', with a stylized flourish at the end.

Gail Pemberton AO

Chair

Prospa Group Limited

Reasons to approve the Scheme by voting in favour of the Resolutions

This Section sets out the reasons why the Independent Board Committee considers that Prospa Shareholders (other than Excluded Shareholders) should approve the Scheme by voting in favour of the Resolutions. Whilst the Independent Board Committee acknowledges that there are reasons to vote against the Resolutions (see the following Section titled 'Potential reasons to vote against the Scheme'), they believe that the reasons to approve the Scheme by voting in favour of the Resolutions outweigh the reasons to vote against the Scheme.



The Independent Board Committee unanimously recommends that Prospa Shareholders (other than Excluded Shareholders) approve the Scheme by voting in favour of the Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders

In reaching their recommendation, the Independent Board Committee has assessed the Scheme having regard to the reasons to vote in favour of, or against, the Resolutions, as set out in this Scheme Booklet, and Prospa's current strategic plans.



Each Independent Board Committee member intends to vote in favour of the Resolutions in respect of all the Prospa Shares they own or control, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders

In aggregate, the Independent Board Committee members control approximately 0.29% of all Prospa Shares on issue. The interests of the Prospa Directors in Prospa Shares are set out in Section 6.1.



The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Prospa Shareholders, in the absence of a Superior Proposal

The Independent Board Committee appointed Kroll as the Independent Expert to prepare an Independent Expert's Report providing an opinion as to whether the Scheme is in the best interests of Prospa Shareholders.

The Independent Expert has valued Prospa at \$0.43 to \$0.49 per Prospa Share. The Cash Consideration of \$0.45 per Prospa Share is within the valuation range of the Independent Expert. The Independent Expert has not provided an opinion on the Scrip Consideration as it considers it is not possible to reliably estimate the value of a HoldCo Share.

On the basis of the Cash Consideration only, the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Prospa Shareholders, in the absence of a Superior Proposal.

The Independent Expert has also identified a number of factors that should be considered when assessing the Scheme, including the following:

- the Cash Consideration represents a moderate premium to the undisturbed trading prices of Prospa Shares;
- the Cash Consideration provides liquidity and certainty of the pre-tax amount that Prospa Shareholders will receive;

- Prospa Shareholders who receive the Cash Consideration will not participate in any future increases in value of Prospa, however, they will no longer be exposed to the risks facing the business;
- in the event that the Scheme is not approved or any other conditions prevent the Scheme from being implemented, Prospa will continue to operate in its current form and its share price is likely to fall to levels consistent with the undisturbed trading price of Prospa Shares, subject to any future financial achievements in the subsequent period, industry developments and the impact of broader trends in equity markets. Prospa is unlikely to declare a dividend in the foreseeable future;
- no Superior Proposal has emerged since the announcement of the Scheme; and
- alternatives are unlikely to realise greater value for Prospa Shareholders.

The Independent Expert has stated that its opinion is based on the quantum of the Cash Consideration only and that it is not possible to reliably estimate the value of a HoldCo Share. However, the Independent Expert has identified a number of factors that Prospa Shareholders should consider before making any Election for the Scrip Consideration.

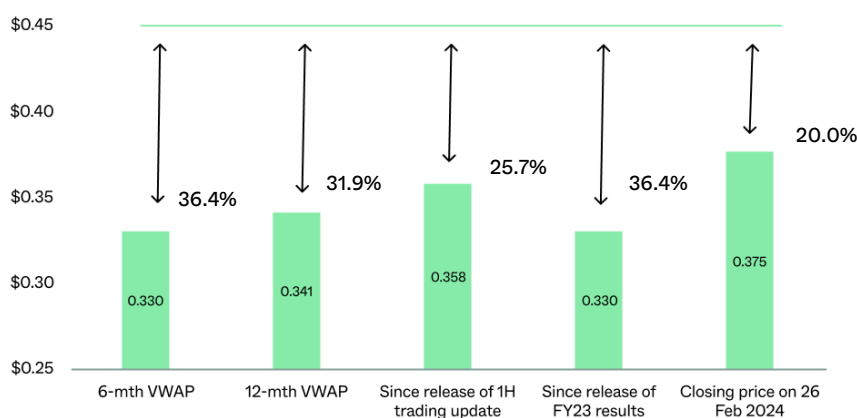
Prospa Shareholders should carefully review the Independent Expert’s Report in its entirety before deciding whether to approve the Scheme by voting in favour of the Resolutions and prior to making any Election for the Scrip Consideration. A copy of the Independent Expert’s Report is included in Annexure 1.



The Cash Consideration of \$0.45 per Prospa Share represents a premium to trading prices of Prospa Shares over the last 12 months

The Cash Consideration represents a 36.4% and 31.9% premium to Prospa’s VWAP over the last twelve months and six months, respectively, to 26 February 2024, being the last trading day prior to the announcement of Prospa entering into the Scheme Implementation Deed with BidCo and HoldCo. The Cash Consideration represents a 36.4% premium to VWAP since the FY23 results release (released on 30 August 2023), and a 25.7% premium to VWAP since the first half of FY24 trading update (released on 30 January 2024), being the two most recent material earnings updates to the ASX.

Figure 1: \$0.45 offer price premiums to undisturbed share price⁴



⁴ Share price of Prospa Shares on 26 February 2024, being the last trading day prior to the announcement of Prospa entering into the Scheme Implementation Deed. VWAPs based on cumulative trading volume.



The Cash Consideration of \$0.45 per Prospa Share provides Prospa Shareholders with certainty of value for their Prospa Shares and the opportunity to access full liquidity in respect of their Prospa Shares

The Cash Consideration of \$0.45 per Prospa Share provides Prospa Shareholders with certainty of value for their Prospa Shares (subject to the Scheme becoming Effective) and the opportunity for Prospa Shareholders to realise certain value in the near term which may not be achieved if the Scheme does not proceed as the market for trading in Prospa Shares is relatively illiquid.

In the period between Prospa listing on the ASX on 11 June 2019 and the announcement of its entry into the Scheme Implementation Deed on 27 February 2024, total daily trading volume for Prospa Shares has only exceeded 1% of total Prospa Shares on issue on three occasions, the last time being on 13 March 2020. Excluding those three trading days, the average daily trading volume for Prospa Shares has been circa 0.05% since the IPO, and circa 0.02% over the last 12 months.

The Cash Consideration of \$0.45 per Prospa Share provides Prospa Shareholders (other than those who make an Election for the Scrip Consideration) with access to full liquidity in circumstances where some Prospa Shareholders presently face very limited opportunities to achieve full liquidity in respect of their Prospa Shares or may only do so at discounts to the prevailing share price and/or over an extended period of time.

In addition, the certainty of the Cash Consideration should be compared with the risks and uncertainties, as well as the loss of any potential upside, of remaining a Prospa Shareholder should the Scheme not proceed or remaining invested in the Prospa business through Electing the Scrip Consideration.



The Scrip Consideration provides flexibility for Eligible Prospa Shareholders to maintain an interest in the privatised Prospa with the potential benefit of CGT Rollover Relief

The Independent Board Committee's unanimous recommendation that you vote in favour of the Scheme is based on the quantum of Cash Consideration, however the Independent Board Committee notes that the Scheme provides flexibility for Eligible Prospa Shareholders to elect to receive the Scrip Consideration instead of the Cash Consideration in respect of all of their Prospa Shares, and thereby maintain an ownership interest in the Prospa business following implementation of the Scheme.

Eligible Prospa Shareholders who make an Election for the Scrip Consideration will receive one New HoldCo Share for each Prospa Share held as at the Scheme Record Date. Refer to Section 2.4(b) for further details on the Scrip Consideration.

CGT Rollover Relief should operate to defer any capital gain that would otherwise arise from the transfer of the Prospa Shares to the extent that eligible Prospa Shareholders who are residents of Australia for income tax purposes receive New HoldCo Shares for the transfer of their Prospa Shares and elect for CGT Rollover Relief to apply. Shareholders making a capital loss cannot choose CGT Rollover Relief and will need to account for the capital loss in the year that it is incurred. Please refer to the Tax Implications in Section 7 for further information.

Prospa Shareholders should read this Scheme Booklet in full before electing the Scrip Consideration. In particular, Prospa Shareholders should carefully read Sections 4 and 5.4 and the Tax Implications (set out in Section 7) and the Independent Expert's Report in Annexure 1. Prospa Shareholders should obtain appropriate legal, financial, tax or other professional advice before electing the Scrip Consideration.



No Superior Proposal has emerged as at the Last Practicable Date

Since the IPO of Prospa, the Board has sought to maximise value for Prospa Shareholders. This included initiatives such as an on-market buy-back, as well as a number of discussions with third parties about potential acquisitions, mergers and change of control transactions.

Following the announcement of the Scheme Implementation Deed, Prospa has undertaken a process to ultimately solicit a Superior Proposal from a range of third parties in order to maximise Prospa Shareholder value. No Superior Proposal has emerged as at the Last Practicable Date.



If the Scheme does not proceed, and no Superior Proposal emerges, Prospa Shareholders will continue to be subject to the specific risks associated with Prospa's business and general market risks

As noted above, the Cash Consideration provides Prospa Shareholders with certainty of value. In contrast, if the Scheme does not proceed and no Superior Proposal emerges, the amount which Prospa Shareholders will be able to realise for their Prospa Shares will be uncertain and the Prospa Shareholders who continue to hold their Prospa Shares will be exposed to fluctuations in the value of those Shares and the risks associated with Prospa's business and general market risks. A summary of these risks is set out in Sections 5.2 and 5.3.

As many of these risks are inherent to the Prospa business, Scheme Shareholders who Elect the Scrip Consideration should be mindful that they will still be exposed to these risk and uncertainties after implementation of the Scheme.



If the Scheme does not proceed, and no Superior Proposal emerges, the price of Prospa Shares may fall

If the Scheme is not implemented, Prospa Shares will remain quoted on the ASX and will continue to be subject to liquidity risk, market volatility, including as a result of general stock market movements, and the impact of general economic conditions. As such, if the Scheme is not implemented and no Superior Proposal emerges, it is possible that the price at which Prospa Shares trade may fall.

The Independent Expert has stated that: 'in the event that the Scheme is not approved or any other conditions prevent the Scheme from being implemented, Prospa will continue to operate in its current form and its share price is likely to fall to levels consistent with the undisturbed trading price of Prospa Shares, subject to any future financial achievements in the subsequent period, industry developments and the impact of broader trends in equity markets.'



No brokerage or stamp duty will be payable on the transfer of Prospa Shares

Prospa Shareholders will not incur any brokerage or stamp duty on the transfer of their Prospa Shares to BidCo under the Scheme.

Potential reasons to vote against the Scheme

Although the Independent Board Committee unanimously recommends that Prospa Shareholders (other than Excluded Shareholders) approve the Scheme by voting in favour of the Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders, this Section sets out the factors which may lead a Prospa Shareholder to vote against the Resolutions.



Prospa Shareholders may disagree with the Independent Board Committee's recommendation and/or the conclusion of the Independent Expert

Notwithstanding the unanimous recommendation of the Independent Board Committee and the Independent Expert's opinion that the Scheme is in the best interests of Prospa Shareholders, Prospa Shareholders may believe that the Scheme is not in their best interests.



Prospa Shareholders may consider that there is the potential for a Superior Proposal to be made in the foreseeable future

The Scheme Implementation Deed does not contain any exclusivity provisions, thus enabling the Independent Board Committee to engage with any prospective third-party bidders. It is possible that a more attractive proposal for Prospa Shareholders could materialise in the future, such as a takeover bid or scheme of arrangement with a higher offer price than the Cash Consideration.

The Independent Board Committee is, at present, not aware of any alternative proposal for Prospa despite having undertaken a process to maximise shareholder value since the signing of the Scheme Implementation Deed and having evaluated a number of other alternatives in the last 18 months.



The tax consequences of the Scheme may not suit Prospa Shareholders' current financial position

Implementation of the Scheme may trigger adverse or unwanted tax consequences for certain Prospa Shareholders.

Prospa Shareholders who only receive the Cash Consideration for the disposal of their Prospa Shares will not be entitled to CGT Rollover Relief in respect of any capital gain arising from the disposal of the Prospa Shares to BidCo.

Prospa Shareholders who are tax resident in a foreign jurisdiction may be exposed to adverse tax consequences in that foreign jurisdiction in addition to the impact under Australian tax law (for example, being taxed on any gain on sale of the Prospa Shares under foreign law).

Prospa Shareholders should read the taxation considerations outlined in the Tax Implications set out in Section 7. The tax treatment may vary depending on the nature and characteristics of each Prospa Shareholder and their specific circumstances, including whether they are tax resident in a jurisdiction outside Australia or not. Accordingly, Prospa Shareholders should seek professional tax advice in relation to their particular circumstances.



Prospa Shareholders may wish to maintain their direct investment in Prospa as an ASX listed company

Prospa Shareholders may wish to maintain their direct investment in Prospa as an ASX listed company in order to have an investment in a publicly listed company with the specific characteristics of Prospa. If the Scheme does not proceed, then Prospa Shareholders may maintain their direct investment in Prospa as an ASX listed company.

If the Scheme proceeds, Prospa Shareholders may Elect to take the Scrip Consideration and maintain an indirect interest in Prospa through an investment in HoldCo. However, such an investment will be in an unlisted and, provided the iPartners Funding is required to pay part of the Cash Consideration, more highly geared Australian company.

As an unlisted Australian company, HoldCo Shares will be relatively illiquid compared to ASX listed shares generally, noting that Prospa's ASX listed shares have been relatively illiquid also. HoldCo Shares will also be subject to the terms and conditions set out in the HoldCo Constitution, the HoldCo Shareholders' Deed and, where applicable, the Nominee Deed. As such, protections available to Prospa Shareholders under the Listing Rules and Australian corporate law for listed public companies (including in relation to takeovers and acquisitions of substantial holdings and certain minority protection rights) will not apply to holders of HoldCo Shares. Further information relating to certain rights attaching to HoldCo Shares is provided in Section 4.7.

Further information on the Scrip Consideration and an investment in HoldCo following implementation of the Scheme is provided in Sections 4 and 5.4 and the Tax Implications (set out in Section 7) and the Independent Expert's Report in Annexure 1. Prospa Shareholders should also obtain appropriate legal, financial, tax or other professional advice before Electing for the Scrip Consideration.

Scheme overview

What is the Scheme?

- The Scheme is for BidCo to acquire 100% of Prospa Shares (other than Prospa Shares held by Excluded Shareholders) by way of a scheme of arrangement.
- If the Scheme is approved and implemented, Prospa Shareholders (other than those who have made an Election for the Scrip Consideration) will receive the **Cash Consideration of \$0.45** per Prospa Share in respect of all of their Prospa Shares.
- As an alternative to receiving the Cash Consideration for all of their Prospa Shares, Prospa Shareholders who are not Ineligible Foreign Shareholders can make an Election to receive the Scrip Consideration in respect of all of their Prospa Shares. The Scrip Consideration is one New HoldCo Share for every one Prospa Share held by that Prospa Shareholder on the Scheme Record Date.
- Prospa OpCo has drawn down and agreed to on-lend up to \$12 million sourced from Prospa's existing debt financing facility with iPartners to BidCo to fund part of the Aggregate Cash Consideration, subject to the Scheme and the General Meeting Resolutions being approved (**iPartners Funding**). The final amount of iPartners Funding will depend on the number of Elections for the Cash Consideration and will be calculated as the Aggregate Cash Consideration less the Equity Financing Amount (being \$7,814,827). The Prospa Board consider this is an appropriate use of the Prospa OpCo Facility as it will help to ensure that Prospa Shareholders can access the Cash Consideration if they so choose. Further information is included in Section 2.6.
- The Scheme is subject to a number of conditions including a minimum number of Elections for the Scrip Consideration – being Prospa Shareholders who hold at least 73.30% of the issued Prospa Shares on the Scheme Record Date Electing the Scrip Consideration.

What is the recommendation of the Independent Board Committee and what is the conclusion of the Independent Expert?

- The Independent Board Committee unanimously recommends that Prospa Shareholders (other than Excluded Shareholders) approve the Scheme by voting in favour of the Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders.
- The Independent Board Committee's unanimous recommendation that you vote in favour of the Scheme is based on the quantum of the Cash Consideration, which represents a premium to historical trading prices of Prospa Shares over the last 12 months, and provides Prospa Shareholders with certainty of value and the opportunity to access full liquidity in respect of their Prospa Shares.
- The Independent Board Committee makes no recommendation in relation to the Scrip Consideration. Prospa Shareholders who are considering making an Election to receive the Scrip Consideration should refer to Sections 4 and 5.4 of the Tax Implications set out in Section 7 and to the Independent Expert's Report.
- The Independent Expert has concluded that, on the basis of the Cash Consideration only, the Scheme is fair and reasonable and in the best interests of Prospa Shareholders, in the absence of a Superior Proposal.
- The Independent Expert has valued Prospa at \$0.43 to \$0.49 per Prospa Share.

- The Cash Consideration of \$0.45 per Prospa Share is within the valuation range of the Independent Expert which has been based on the quantum of the Cash Consideration only.
- The Independent Expert has not provided an opinion on the Scrip Consideration as it considers it is not possible to reliably estimate the value of a HoldCo Share.

What you should do

Step 1: Read this Scheme Booklet in its entirety

This Scheme Booklet contains information that is material to your decision whether or not to approve the Scheme by voting in favour of the Resolutions. Accordingly, you should read this Scheme Booklet in its entirety before making a decision on how to vote on the Resolutions. You should also consult your legal, financial, tax or other professional adviser. Answers to some common questions are contained in Section 1 titled 'Frequently asked questions'.

If you have any questions, please contact Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia). The Shareholder Information Line is open Monday to Friday between 8.30am and 5.30pm (Sydney time), excluding public holidays.

Step 2: Vote on the Resolutions

The Meetings at which Prospa Shareholders (other than Excluded Shareholders) will vote on whether to approve the Scheme and the General Resolutions will be held virtually on Tuesday, 16 July 2024 at the following times:

Meeting	Time
General Meeting	3.00pm, Tuesday 16 July 2024
Scheme Meeting	Immediately following the conclusion of the General Meeting

As a Prospa Shareholder, it is your right to vote on whether the Scheme proceeds. Your vote is important and you are strongly encouraged to vote on the Resolutions. **The Scheme becoming Effective is conditional on the General Meeting Resolutions being approved by the requisite majority of Prospa Shareholders.⁵ Similarly, the General Meeting Resolutions will only take effect if the Scheme is approved by the requisite majority of Prospa Shareholders. Excluded Shareholders will not be entitled to vote on the Resolutions.**

Prospa Shareholders who are entitled to vote at the Meetings, may vote:

- **online** – by participating and voting via the online platform at <https://investor.prospa.com/investor-centre/>;
- **by direct vote prior to the Meetings** – by following the procedures set out in the Notices of Meeting at any time between the date of this Scheme Booklet and 3.00pm on Sunday, 14 July 2024;

⁵ Unless Prospa and BidCo agree to waive this requirement in writing.

- **by proxy** – by lodging a proxy form online at <https://investor.prospa.com/scheme/> or by completing, signing and lodging a proxy form for the Meetings in accordance with the instructions set out on the form. To be valid, proxy forms must be received by the Prospa Registry by 3.00pm (Sydney time) on Sunday, 14 July 2024 at:

BY MAIL

Prospa Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

or

BY HAND

Prospa Group Limited
c/- Link Market Services Limited
Parramatta Square
Level 22, Tower 6 10 Darcy Street
Parramatta NSW 2150

- **by attorney** – by appointing an attorney to participate in and vote at the Meetings on their behalf and providing a duly executed power of attorney to the Prospa Registry the original (or certified copy) of the instrument appointing an attorney by no later than 3.00pm (Sydney time) on Sunday, 14 July 2024; or
- **by corporate representative** – in the case of a body corporate, by appointing a corporate representative to participate in and vote at the Meeting on behalf of that Prospa Shareholder and providing a duly executed certificate of appointment (in accordance with section 250D and 253B of the Corporations Act) prior to the Meetings.

Note: As Sunday is not a business day, if you intend to mail your Proxy Form or powers of attorney, you should ensure that you allow sufficient time for it to be received by the Prospa Registry by close of business (Sydney time) on Friday, 12 July 2024.

Step 3: Decide whether you wish to elect to receive the Scrip Consideration

YOU CAN IGNORE THIS STEP IF YOU WISH TO RECEIVE THE CASH CONSIDERATION FOR ALL OF YOUR PROSPA SHARES. YOU DO NOT NEED TO MAKE AN ELECTION IF YOU WISH TO RECEIVE THE CASH CONSIDERATION FOR ALL OF YOUR PROSPA SHARES.

If the Scheme becomes Effective, unless you have Elected or are deemed to have Elected to receive the Scrip Consideration, you will receive the Cash Consideration for all of your Prospa Shares.

However, if you are a Prospa Shareholder who is not an Ineligible Foreign Shareholder and would like to make an Election to receive the Scrip Consideration in respect of all of your Prospa Shares, you will need to complete an Election Form and return it to the Prospa Registry at:

BY MAIL

Prospa Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

or

BY HAND

Prospa Group Limited
c/- Link Market Services Limited
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

so that it is received by the Prospa Registry prior to the Election Time (being 5.00pm (Sydney time) on Monday, 29 July 2024).

An Election Form is attached to this Booklet. Alternatively, Prospa Shareholders are able to make an Election online at <https://investor.prospa.com/scheme/>. Prospa Shareholders may otherwise contact Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time), excluding public holidays, to request that an Election Form be sent to them.

Eligibility requirements for the Scrip Consideration

In order to make an Election for the Scrip Consideration, you must be a Prospa Shareholder who is not an Ineligible Foreign Shareholder. A Scheme Shareholder whose address shown in the Prospa Share Register is a place outside Australia or New Zealand as at the Scheme Record Date will be deemed an Ineligible Foreign Shareholder and HoldCo is under no obligation to allot or issue you the Scrip Consideration unless HoldCo determines that it is lawful and not unduly onerous or impracticable to issue the Scheme Shareholder with New HoldCo Shares when the Scheme becomes Effective.

Ineligible Foreign Shareholders will not receive the Scrip Consideration even if they make an Election for the Scrip Consideration. Any Election received from an Ineligible Foreign Shareholder will be invalid. If you are a Prospa Shareholder whose address as shown in the Prospa Register is a place outside Australia or New Zealand and wish to receive the Scrip Consideration you should contact the Shareholder Information Line to enquire as to whether you may be an Eligible Prospa Shareholder.

A Prospa Shareholder who does not make an Election for the Scrip Consideration, who makes an invalid election for the Scrip Consideration, who becomes a Prospa Shareholder after the Election Time or is an Ineligible Foreign Shareholder, will receive the Cash Consideration in respect of all of their Prospa Shares (unless, in the case of an invalid election, otherwise determined by BidCo to be deemed a valid election in accordance with clause 5.2(j) of the Scheme).

You may only lodge one Election in relation to your Prospa Shares.

You should read this Scheme Booklet in full before making an Election. In particular, you should carefully read Sections 4 and 5.4 and the Tax Implications (set out in Section 7) and the Independent Expert's Report in Annexure 1 and obtain appropriate legal, financial, tax or other professional advice before making an Election.

1. Frequently Asked Questions

This Section 1 answers some commonly asked questions about the Scheme. This information is a summary only and is not intended to address all relevant issues for Prospa Shareholders. This Section 1 should be read subject to, and in conjunction with, the remainder of this Scheme Booklet.

Item ('FAQ')	Question	Answer	Further Information
1	Background and overview of the Scheme		
1.1	What is the Scheme?	The Scheme involves BidCo acquiring 100% of Prospa Shares (other than Prospa Shares held by Excluded Shareholders) for the Scheme Consideration by way of a 'scheme of arrangement'. See FAQ 2 for details of the Scheme Consideration.	Sections 2.1 and 2.2
1.2	What is a "scheme of arrangement"?	A scheme of arrangement is a way of implementing an acquisition of shares under the Corporations Act. It requires a vote in favour of the Scheme by the requisite majority of Prospa Shareholders at a meeting of Prospa Shareholders convened by the Court, followed by Court approval.	
1.3	Who are BidCo, HoldCo and the Consortium?	<p>BidCo, or Salkbridge Pty Ltd, is an unlisted Australian proprietary company wholly owned by HoldCo, and was established for the purpose of acquiring Prospa Shares under the Scheme.</p> <p>HoldCo, or PGL HoldCo Limited is an unlisted Australian public company, and was established for the purpose of acquiring Prospa Shares under the Scheme. New HoldCo Shares are being offered as Scheme Consideration to Prospa Shareholders who elect the Scrip Consideration.</p> <p>The Consortium comprises a group of investors detailed in Section 4.1.1 who have agreed to work together on an exclusive basis to implement the Scheme. The Consortium have entered into a Consortium Agreement, to govern the relationship between the BidCo Group and the Consortium for the purposes of progressing, negotiating and implementing the Scheme. A key member of the Consortium is the Salter Brothers Tech Fund, a newly established fund that identifies and invests in leading, innovating technology companies in Australia and New Zealand that harness emerging technology. The ownership structure and detailed information of BidCo, HoldCo and the Consortium is set out in Section 4.</p>	Section 4
1.4	What approvals of Prospa Shareholders are required?	<p>The Scheme can only proceed if:</p> <ul style="list-style-type: none"> the Scheme is approved by the requisite majority of Prospa Shareholders at the Scheme Meeting as set out in FAQ 4.5; and the General Meeting Resolutions are approved by the requisite majority of Prospa Shareholders at the General Meeting as set out in Section 2.13 or Prospa and BidCo agree to waive this requirement in writing. <p>Please see FAQ 4.2 and FAQ 5.2 for details on who is entitled to vote on the Resolutions.</p>	
1.5	What does the Independent Board	The Independent Board Committee unanimously recommends that you approve the Scheme by voting in favour of the Resolutions, in the absence of	'Chair's Letter', Reasons to

Item (‘FAQ’)	Question	Answer	Further Information
	Committee recommend?	<p>a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders. Each Independent Board Committee member intends to vote the Prospa Shares they hold or control in favour of the Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders. As at the Last Practicable Date, the Independent Board Committee members hold or control in aggregate approximately 0.29% of all Prospa Shares on issue.</p> <p>The reasons for the Independent Board Committee recommendation and other matters that you may wish to consider are outlined on pages 11 to 14.</p>	approve the Scheme by voting in favour of the Scheme Resolutions, pages 11-14
1.6	What is the role and function of the Independent Board Committee?	<p>The Independent Board Committee comprises Gail Pemberton AO (Chair), Mary Ploughman and Fiona Trafford-Walker (each of whom is an Independent Non-Executive Prospa Director).</p> <p>Following unsolicited interest from a prospective bidder concerning a potential control transaction in July 2023, Prospa established the Independent Board Committee to review any proposal and oversee the resulting negotiations. In November 2023, a formal non-binding indicative offer was submitted by the bidder to the Independent Board Committee. The Independent Board Committee engaged a financial adviser (RTG Capital Partners) and legal adviser (Herbert Smith Freehills) to assist it with the transaction proposal and with the oversight of the negotiation of transaction terms.</p> <p>The Independent Board Committee chose to proceed with the bidder’s proposal on the basis that it delivered a cash payment at a premium to the prevailing share price and offered certainty of value for Prospa Shareholders in an otherwise very illiquid market which, combined with the concentrated nature of the Prospa share register, constrained the Board’s ability to seek other strategic alternatives. As a result, the bidder was offered a period of exclusivity to complete due diligence and negotiate definitive transaction documents. During the exclusivity period, due diligence was completed in parallel with further negotiations.</p> <p>Those negotiations resulted in the Consortium being formed and the Scheme Implementation Deed and related documents being entered into, and the Scheme being announced, on 27 February 2024.</p> <p>The Independent Board Committee considered the Scheme and, if applicable, will consider any Competing Proposal.</p>	Section 2.1
1.7	What is the Independent Expert’s conclusion on the Scheme?	<p>The Independent Expert has concluded that, on the basis of the Cash Consideration only, the Scheme is fair and reasonable and in the best interests of Prospa Shareholders, in the absence of a Superior Proposal. The Independent Expert has valued Prospa at \$0.43 to \$0.49 per Prospa Share. The Cash Consideration of \$0.45 per Prospa Share is within the valuation range of the Independent Expert.</p> <p>The Independent Expert has not provided an opinion on the Scrip Consideration as it considers it is not possible to reliably estimate the value of a HoldCo Share.</p>	Annexure 1
1.8	Why should I approve the	Please refer to the Section headed ‘Reasons to approve the Scheme by voting in favour of the Resolutions’ on pages 11-14 for some of the reasons	Page 11-14

Item ('FAQ')	Question	Answer	Further Information
	Scheme by voting in favour of the Resolutions?	why the Independent Board Committee recommends you vote in favour of the Resolutions.	
1.9	Why might I consider not voting in favour of the Scheme?	Please refer to the Section headed 'Potential reasons to vote against the Scheme' on pages 14-16 for some of the reasons why you may consider voting against the Resolutions.	Page 14-16
1.10	What are my options?	<p>You may:</p> <ul style="list-style-type: none"> • vote on the Resolution at the Meetings (online, or by proxy, attorney or, if applicable, by corporate representative); • sell your Prospa Shares on market at any time before close of trading on the ASX on the Effective Date. If you do so, you may incur brokerage costs; or • do nothing, in which case, if the Scheme becomes Effective and is implemented, you will receive the Cash Consideration for all of your Prospa Shares and, if the Scheme does not become Effective and is not implemented, you will continue to hold your Prospa Shares. <p>If you are an Eligible Prospa Shareholder and you wish to elect for the Scrip Consideration instead of the Cash Consideration for your Prospa Shares, you will need to complete and return an Election Form in accordance with the instructions on that form or make an Election online so that it is received by the Election Time (being 5.00pm on Monday, 29 July 2024). If no Election is made by the Election Time, you will receive the Cash Consideration for your Prospa Shares.</p> <p>You do not need to make an Election if you wish to receive the Cash Consideration for your Prospa Shares.</p>	'What you should do' on page 18
1.11	Should I vote?	Voting is not compulsory. However, the Independent Board Committee believes that the Scheme is important for all Prospa Shareholders and recommends that you approve the Scheme by voting in favour of the Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders.	
1.12	What happens if I do not vote, or if I vote against the Scheme?	If you are a Prospa Shareholder as at the Scheme Record Date and the Scheme becomes Effective, your Prospa Shares will be transferred pursuant to the Scheme and you will be entitled to receive the Scheme Consideration for your Prospa Shares. This is so even if you did not vote, or voted against the Scheme. If the Scheme is not approved, you will remain a Prospa Shareholder.	
2	The Scheme Consideration		
2.1	What is the Scheme Consideration?	If the Scheme becomes Effective and is implemented, Prospa Shareholders (other than those who make an Election for the Scrip Consideration) will receive the Cash Consideration of \$0.45 per Prospa Share in respect of all of their Prospa Shares.	Section 2.9

Item ('FAQ')	Question	Answer	Further Information
		<p>As an alternative to the Cash Consideration, in respect of all of their Prospa Shares, Eligible Prospa Shareholders may Elect to receive the Scrip Consideration. Under the Scrip Consideration, Eligible Prospa Shareholders may Elect to receive one New HoldCo Share for each Prospa Share held by that Prospa Shareholder as at the Scheme Record Date (see FAQ 2.3). If you are an Ineligible Foreign Shareholder, please see FAQ 2.6 as to what will occur under the Scheme.</p>	
2.2	<p>Does the Independent Board Committee have any specific views or recommendations for Prospa Shareholders on the Scrip Consideration?</p>	<p>No.</p> <p>The default form of consideration under the Scheme is the Cash Consideration which provides Prospa Shareholders with the opportunity to receive the Cash Consideration of \$0.45 per Prospa Share for all of their Prospa Shares. The Independent Board Committee has recommended that you approve the Scheme by voting in favour of the Resolutions based on the quantum of the Cash Consideration.</p> <p>The Independent Board Committee's unanimous recommendation that you vote in favour of the Scheme is based on the quantum of the Cash Consideration.</p> <p>The Independent Board Committee makes no recommendation regarding the Scrip Consideration except to note that eligible Prospa Shareholders who are considering electing to receive the Scrip Consideration should:</p> <ul style="list-style-type: none"> • carefully consider the information set out in Sections 4 and 5.4 relating to the features and risks of the New HoldCo Shares that comprise the Scrip Consideration, noting that an investment in HoldCo does not involve the same liquidity and other protections which shareholders have when investing in an ASX listed company; • take into account that the HoldCo Shares would be subject to the rights and obligations set out in the HoldCo Constitution, the HoldCo Shareholders' Deed and, where applicable, the Nominee Deed, copies of which are set out in Annexure 4, Annexure 5 Annexure 6, respectively; • carefully consider the matters set out in Section 4 and some of the risk factors set out in Section 5.2 and 5.3 relating to the business and operations of Prospa; • refer to the Independent Expert's Report and the views expressed therein in relation to the Scrip Consideration; • consider the potential taxation implications under Australian income tax law and foreign tax laws in connection with the Scrip Consideration (see the Tax Implications set out in Section 7); and • obtain appropriate legal, financial, tax or other professional advice about whether an investment in HoldCo Shares is appropriate to their specific circumstances before deciding whether to make an election for the Scrip Consideration. 	<p>Sections 2.4, 4 and 5, and the Independent Expert's Report set out in Annexure 1</p>
2.3	<p>What is the Scrip Consideration?</p>	<p>If Scheme Shareholders Elect to receive the Scrip Consideration, they will receive one New HoldCo Share for each Prospa Share they hold as at the Scheme Record Date.</p>	<p>Section 2.4(b)</p>

Item (‘FAQ’)	Question	Answer	Further Information
		<p>All Prospa Shareholders (other than Ineligible Foreign Shareholders) are eligible to receive the Scrip Consideration. A Scheme Shareholder whose address shown in the Prospa Share Register is a place outside Australia or New Zealand as at the Scheme Record Date will be deemed an Ineligible Foreign Shareholder and HoldCo is under no obligation to allot or issue you the Scrip Consideration unless HoldCo determines that it is lawful and not unduly onerous or impracticable to issue the Scheme Shareholder with New HoldCo Shares when the Scheme becomes Effective.</p> <p>If you make an invalid election for the Scrip Consideration or do not make an Election by the Election Time and the Scheme is implemented, you will receive the Cash Consideration in respect of all of your Prospa Shares (unless otherwise determined by BidCo to be deemed a valid election in accordance with clause 5.2(j) of the Scheme).</p>	
2.4	<p>What is the Minimum Election Condition Precedent?</p>	<p>The Minimum Election Condition Precedent is a Condition Precedent under the Scheme requiring that Prospa Shareholders holding at least 73.30% of Prospa Shares on issue on the Scheme Record Date elect the Scrip Consideration.</p> <p>Following the announcement of the Scheme, a number of large shareholders, including Prospa’s Executive Directors, Gregory Moshal and Beaumont Bertoli, representing a total of 73.30% shares on issue of Prospa on the Scheme Record Date (when taken together with Prospa Shares held by the Consortium and the BidCo Group Members), have each advised the Independent Board Committee that they intend to vote in favour of the Resolutions and to Elect and receive the Scrip Consideration, in the absence of a Superior Proposal emerging.</p> <p>If the Minimum Election Condition Precedent has not been satisfied or waived by the Election Time (being 5.00pm Monday, 29 July 2024) and at 8.00am on the Second Court Date, either party may terminate the Scheme Implementation Deed in which case the Scheme will not proceed.</p>	Section 2.5
2.5	<p>When will I receive my Scheme Consideration?</p>	<p>Scheme Shareholders will receive the Scheme Consideration as follows:</p> <ul style="list-style-type: none"> • in relation to any Cash Consideration payable – payment will be made on the Implementation Date (expected to be Thursday, 8 August 2024); and • in relation to the provision of New HoldCo Shares under the Scrip Consideration – the New HoldCo Shares will be issued on the Implementation Date, with a certificate sent to the Nominee (or in the case of a Direct Holding, the Scheme Shareholder who provides HoldCo with a Direct Holding Notice) and a holding statement detailing your holding of HoldCo Shares will be issued to you shortly after that date. <p>Any cash payment to be made will be paid as follows:</p> <ul style="list-style-type: none"> • electronic payment where a Scheme Shareholder has elected, prior to the Scheme Record Date, to receive funds to the bank account nominated by the Scheme Shareholder – by transfer to that account; and • otherwise, by cheque for the relevant amount in Australian currency, dispatched by prepaid post. 	Section 2.9

Item ('FAQ')	Question	Answer	Further Information
2.6	Who is an Ineligible Foreign Shareholder?	<p>If your address, as shown in the Register as at the Scheme Record Date, is a place outside Australia or New Zealand, you will be deemed an Ineligible Foreign Shareholder and HoldCo is under no obligation to allot or issue you the Scrip Consideration unless HoldCo determines that it is lawful and not unduly onerous to issue you with New HoldCo Shares when the Scheme becomes Effective. If you are a Prospa Shareholder whose address as shown in the Prospa Register is a place outside Australia or New Zealand and wish to receive the Scrip Consideration, you should contact Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time), excluding public holidays, to enquire as to whether you may be an eligible Prospa Shareholder.</p> <p>If you are an Ineligible Foreign Shareholder, you will not be entitled to receive the Scrip Consideration. If you are an Ineligible Foreign Shareholder and elect to receive the Scrip Consideration, your election will be invalid and have no effect, and you will receive the Cash Consideration for all of your Prospa Shares.</p>	Section 2.10
3.	Making an Election in relation to the Scrip Consideration		
3.1	How do I receive the Cash Consideration?	If the Scheme becomes Effective and is implemented, you do not need to do anything to receive the Cash Consideration for your Prospa Shares. Unless you Elect for the Scrip Consideration, you will receive the Cash Consideration for your Prospa Shares.	Section 2.4(a)
3.2	How do I Elect to receive the Scrip Consideration?	<p>If you are an Eligible Prospa Shareholder and wish to receive the Scrip Consideration, you need to complete an Election Form in accordance with the instructions on that form and return it to the Prospa Registry or make an Election online by no later than the Election Time (being 5.00pm (Sydney time) on Monday, 29 July 2024).</p> <p>Prospa Shareholders who do not make an Election, or who make an invalid election, or who become a Prospa Shareholder after the Election Time, will receive the Cash Consideration for your Prospa Shares (unless otherwise determined by BidCo to be deemed a valid election in accordance with clause 5.2(j) of the Scheme).</p>	"What should you do" on page 18 and Section 2.8
3.3	How do I obtain an Election Form?	An Election Form is attached to this Booklet. Alternatively, Prospa Shareholders are able to make an Election online at https://investor.prospa.com/scheme/ . To obtain an Election Form, Prospa Shareholders may otherwise contact Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia) Monday to Friday 8.30am to 5.30pm (Sydney time), excluding public holidays, and request an Election Form.	'What should you do' on page 18 and Section 2.8
3.4	If I make an Election, can I later withdraw or change it?	<p>No, unless BidCo in its absolute discretion agrees to revocation of the Election.</p> <p>An Eligible Prospa Shareholder may make one Election in respect of all of their Prospa Shares which will be used to determine the Election made by the Eligible Prospa Shareholder and will apply to all the Prospa Shares held by that Eligible Prospa Shareholder on the Scheme Record Date.</p>	'What should you do' on page 18 and Section 2.8

Item ('FAQ')	Question	Answer	Further Information
		You should contact Prospa's Shareholder Information Line if you need to enquire about the revocation of an Election.	
3.5	Can I Elect the Scrip Consideration in respect of some, but not all of my Prospa Shares?	No, you can only elect the Scrip Consideration for all Prospa Shares that you hold on the Scheme Record Date.	Section 2.8
3.6	Do I need to make an Election to receive the Cash Consideration?	No. If the Scheme is approved and implemented, Scheme Shareholders will automatically receive the Cash Consideration unless they make an Election to receive the Scrip Consideration.	Section 2.8
3.7	What happens if I do not make the Election in time, or if my Election is invalid?	If your Election is not received by the Prospa Registry prior to the Election Time (being 5.00pm (Sydney time) on Monday, 29 July 2024), you will receive the Cash Consideration for all of your Prospa Shares. If you make an invalid election or become a Prospa Shareholder after the Election Time, you will receive the Cash Consideration for all of your Prospa Shares (unless otherwise determined by BidCo to be deemed a valid election in accordance with clause 5.2(j) of the Scheme).	Section 2.8
4	General Meeting, voting and approvals		
4.1	Why is the General Meeting being held?	The General Meeting is being convened to seek approval for Prospa to on-lend funds borrowed under the Prospa OpCo Facility to BidCo to satisfy BidCo's obligation to pay part of the Aggregate Cash Consideration.	Section 2.12
4.2	Who can vote?	If you are a Prospa Shareholder on the Meetings Record Date, being 5.00pm (Sydney time) on Sunday, 14 July 2024, you will be entitled to vote on the General Meeting Resolutions. Excluded Shareholders will not be entitled to vote on the General Meeting Resolutions.	'What should you do' on page 18
4.3	Where and when will the General Meeting be held?	The General Meeting to approve the General Meeting Resolutions is scheduled to be held virtually at 3.00pm on Tuesday, 16 July 2024 (Sydney time).	'What should you do' on page 18
4.4	How do I vote on the General Meeting Resolutions?	You will be able to vote by participating in the General Meeting through the online platform at https://investor.prospa.com/scheme/ . Alternatively, if you do not want to, or cannot, attend the General Meeting via the online platform, you can vote: <ul style="list-style-type: none"> • by direct vote prior to the General Meeting, by following the procedures set out in the Notice of General Meeting at any time between the date of this Scheme Booklet and 3.00pm on Sunday, 14 July 2024; • by proxy: by lodging a proxy form online at https://investor.centre.linkgroup.com/Voting/PGL or by completing, signing and lodging a proxy form for the General Meeting in accordance with the instructions set out on the form. To be valid, 	'What should you do' on page 18

Item ('FAQ')	Question	Answer	Further Information
		<p>proxy forms must be received by the Prospa Registry by no later than 3.00pm (Sydney time) on Sunday, 14 July 2024;</p> <ul style="list-style-type: none"> • by attorney: by appointing an attorney to participate in and vote at the General Meeting on their behalf and providing a duly executed power of attorney to the Prospa Registry by 3.00pm (Sydney time) on Sunday, 14 July 2024; or • by corporate representative: in the case of a body corporate, by appointing a corporate representative to participate in and vote at the General Meeting on behalf of that Prospa Shareholder and providing a duly executed certificate of appointment (in accordance with section 250D and 253B of the Corporations Act) prior to the General Meeting. <p>Note: As Sunday is not a business day, if you intend to mail your Proxy Form or powers of attorney, you should ensure that you allow sufficient time for it to be received by the Prospa Registry by close of business (Sydney time) on Friday, 12 July 2024.</p>	
4.5	What vote is required to approve the General Meeting Resolutions?	The financial assistance resolution must be passed as a special resolution and the related party resolution by a simple majority (refer to Section 6 of the Notice of General Meeting at Annexure 7 for further details).	Section 2.12
4.6	What happens if the General Meeting Resolutions are approved but the Scheme Resolution is not approved?	If the General Meeting Resolutions are passed but the Scheme Resolution is not passed, the Scheme will not proceed.	Refer General Meeting Resolutions description
4.7	When will the result of the Meetings be known?	<p>The results will be announced to the ASX shortly after conclusion of the Meetings, and will be accessible from the ASX's website at www.asx.com.au.</p> <p>If the Scheme is approved by reason of the Resolutions being passed at the Meetings, the Scheme will not become Effective unless it is approved by the Court at the Second Court Date and the relevant Court order is lodged with ASIC.</p>	
5	Scheme Meeting, voting and approvals		
5.1	What is the Scheme Resolution?	The Scheme Resolution is a resolution to approve the Scheme. It will be voted on at the Scheme Meeting and is set out in the Notice of Scheme Meeting at Annexure 7.	Annexure 8
5.2	Who can vote?	If you are a Prospa Shareholder on the Meetings Record Date, being 7.00pm (Sydney time) on Sunday, 14 July 2024, you will be entitled to vote on the Scheme Resolution. Excluded Shareholders will not be entitled to vote on the Scheme Resolution.	'What should you do' on page 18

Item ('FAQ')	Question	Answer	Further Information
5.3	Where and when will the Scheme Meeting be held?	The Scheme Meeting to approve the Scheme is scheduled to be held virtually at 3.00pm (Sydney time) on Tuesday, 16 July 2024. The Scheme Meeting will be held immediately following the conclusion of the General Meeting.	'What should you do' on page 18
5.4	How do I vote on the Scheme Resolution?	<p>You will be able to vote by participating in the Scheme Meeting through the online platform at https://investor.prospa.com/scheme/.</p> <p>Alternatively, if you do not want to, or cannot, attend the Scheme Meeting via the online platform, you can vote:</p> <ul style="list-style-type: none"> • by direct vote prior to the Scheme Meeting, by following the procedures set out in the Notice of Scheme Meeting at any time between the date of this Scheme Booklet and 3.00pm on Sunday, 14 July 2024; • by proxy: by lodging a proxy form online at https://investor.prospa.com/scheme/ or by completing, signing and lodging a proxy form for the Scheme Meeting in accordance with the instructions set out on the form. To be valid, proxy forms must be received by the Prospa Registry by 3.00pm (Sydney time) on Sunday, 14 July 2024; • by attorney: by appointing an attorney to participate in and vote at the Scheme Meeting on their behalf and providing a duly executed power of attorney to the Prospa Registry by 3.00pm (Sydney time) on Sunday, 14 July 2024; or • by corporate representative: in the case of a body corporate, by appointing a corporate representative to participate in and vote at the Scheme Meeting on behalf of that Prospa Shareholder and providing a duly executed certificate of appointment (in accordance with section 250D and 253B of the Corporations Act) prior to the Scheme Meeting. <p>Note: As Sunday is not a business day, if you intend to mail your Proxy Form or powers of attorney, you should ensure that you allow sufficient time for it to be received by the Prospa Registry by close of business (Sydney time) on Friday, 12 July 2024.</p>	'What should you do' on page 18
5.5	What vote is required to approved the Scheme Resolution?	<p>The Scheme needs to be approved by the requisite majorities of Prospa Shareholders at the Scheme Meeting, which is:</p> <ul style="list-style-type: none"> • at least 75% of the total number of votes cast on the Scheme Resolution (virtually or by proxy, attorney or corporate representative), where each Prospa Share carries one vote; and • a majority in number (more than 50%) of Prospa Shareholders (other than Excluded Shareholders) present and voting (virtually or by proxy, attorney or corporate representative), where each Prospa Shareholder counts as one vote.⁶ 	Section 2.14
6	Implementation of the Scheme		

⁶ The Court has a discretion to dispense with the need to satisfy the 50% 'headcount' test.

Item (‘FAQ’)	Question	Answer	Further Information
6.1	What will happen to Prospa if the Scheme becomes Effective and is implemented?	If the Scheme becomes Effective and is implemented, 100% of Prospa Shares will be acquired by BidCo, and it is intended that Prospa will be delisted from the ASX.	Sections 2.15 and 2.16
6.2	Are there conditions that need to be satisfied before the Scheme can proceed?	<p>Implementation of the Scheme is subject to the satisfaction or (as applicable) waiver of the Conditions Precedent and the Condition Subsequent. These Conditions Precedent are summarised in Sections 2.3 and 6.4(b)(i) and include:</p> <ul style="list-style-type: none"> • receipt of various approvals, consents or relief from regulatory authorities, including ASIC and FIRB; • approval of the Scheme by the requisite majority of Prospa Shareholders at the Scheme Meeting; • approval of the General Meeting Resolutions (to facilitate the iPartners Funding) by the requisite majority of Prospa Shareholders at the General Meeting (see Section 2.12 for further information); • Prospa and iPartners entering into binding documentation to: <ul style="list-style-type: none"> ○ facilitate the iPartners Funding; ○ document iPartners’ consent to the change of control that will occur on implementation of the Scheme; and ○ document iPartners’ undertaking to forbear from enforcing any of its rights under the Prospa OpCo Facility Agreement and other Finance Documents in respect of any event of default or review event under the Prospa OpCo Facility Agreement in the period from (and including) the Business Day prior to the Second Court Date until (and including) the Implementation Date, and <p>the iPartners Funding remaining available to Prospa as at 8.00am on the Second Court Date.</p> <p>The binding documentation has been entered into as at the Last Practicable Date;</p> • approval of the Scheme by the Court; • no Prospa Material Adverse Change, no Prospa Prescribed Occurrence and no Prospa Regulated Event having occurred; • satisfaction of the Minimum Election Condition Precedent (see Section 2.5 for further details); and • receipt of change of control consents under certain Prospa debt and warehouse funding facilities. This Condition Precedent has been satisfied. 	Sections 2.3 and 6.4(b)(i)

Item (‘FAQ’)	Question	Answer	Further Information
		<p>The Conditions Precedent are set out in full in clause 3.1 of the Scheme Implementation Deed. A full copy of the Scheme Implementation Deed may be obtained by calling Prospa’s Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia) or from Prospa’s website: https://investor.prospa.com/investor-centre/. The Shareholder Information Line is open Monday to Friday from 8.30am to 5.30pm (Sydney time), excluding public holidays.</p>	
6.3	What is the iPartners Condition Precedent?	<p>The Scheme is subject to a Condition Precedent that Prospa enter into binding documentation to:</p> <ul style="list-style-type: none"> • facilitate the iPartners Funding; • document iPartners’ consent to the change of control that will occur on implementation of the Scheme; and • document iPartners’ undertaking to forbear from enforcing any of its rights under the Prospa OpCo Facility Agreement and other Finance Documents in respect of any event of default or review event under the Prospa OpCo Facility Agreement in the period from (and including) the Business Day prior to the Second Court Date until (and including) the Implementation Date, and • the iPartners Funding remaining available to Prospa as at 8.00am on the Second Court Date. <p>The binding documentation has been entered into as at the Last Practicable Date.</p> <p>Funds drawn under the Prospa OpCo Facility Agreement will not be paid to BidCo, but rather be deposited by Prospa or Prospa OpCo into the Trust Account and will only be used for the purpose of partially paying Prospa Shareholders the Aggregate Cash Consideration on implementation of the Scheme.</p> <p>If the Scheme is not implemented for whatever reason, BidCo will not be entitled to any funds deposited in the Trust Account and Prospa will be authorised to recover any amounts deposited into the Trust Account. If the Scheme does not proceed, the Prospa OpCo Facility will need to be repaid in full on its termination date.</p>	Section 2.6
6.4	When will the Scheme become Effective?	<p>Subject to the satisfaction or, as applicable, waiver of the Conditions Precedent, the Scheme will become Effective on the Effective Date (expected to be Thursday, 1 August 2024).</p>	Section 2.11
6.5	When will Prospa Shares cease trading on the ASX?	<p>If the Scheme becomes Effective, Prospa Shares are expected to cease trading on the ASX from the close of trading on the Effective Date (expected to be Thursday, 1 August 2024).</p>	Section 2.16
6.6	What happens if the Scheme is not approved?	<p>If the Scheme is not approved by the requisite majority of Prospa Shareholders, or the Court, the Scheme will not proceed.</p> <p>If the Scheme does not proceed:</p> <ul style="list-style-type: none"> • the Scheme Consideration will not be provided to Scheme Shareholders; • BidCo will not acquire the Scheme Shares; 	Section 2.18

Item (‘FAQ’)	Question	Answer	Further Information
		<ul style="list-style-type: none"> • Prospa will continue to be listed on the ASX; and • Prospa Shareholders will retain their Prospa Shares and continue to share in any benefits and risks of Prospa’s ongoing business. <p>If the Scheme does not proceed, and no Superior Proposal emerges, the price of Prospa Shares may fall.</p> <p>Prospa has a strong business model and management team. If the Scheme does not proceed, and in the absence of a Superior Proposal, it is the Directors’ current intention to continue operating Prospa in line with its currently stated objectives.</p>	
6.7	When is the Reverse Reimbursement Fee payable?	<p>Under the Scheme Implementation Deed between Prospa, BidCo and HoldCo, BidCo must pay the Reverse Reimbursement Fee to Prospa if:</p> <ul style="list-style-type: none"> • Prospa terminates the Scheme Implementation Deed before 8.00am on the Second Court Date for BidCo or HoldCo’s unremedied material breach of the Scheme Implementation Deed; or • the Scheme becomes Effective but BidCo does not pay the Scheme Consideration on time, other than where a failure to pay is due to a failure to deliver the iPartners Funding. <p>The Reverse Reimbursement Fee is \$600,000.</p>	Section 6.4 (b)(v)
7	Information about BidCo, HoldCo and HoldCo Shares		
7.1	What are BidCo’s intentions if the Scheme is implemented?	<p>If the Scheme is implemented, BidCo currently intends to:</p> <ul style="list-style-type: none"> • delist Prospa and subsequently seek to convert it into a proprietary company; • reconstitute the Prospa Board or any board of a Prospa Subsidiary (where applicable); • maintain its current head office in Sydney; • retain all current employees; • replace Prospa’s existing constitution with a constitution appropriate for a proprietary company; and • continue Prospa’s existing business and provide support to Prospa for it to pursue organic and acquisition-based growth opportunities as appropriate. <p>Final decisions in relation to these matters will only be reached after BidCo has had an opportunity to undertake a detailed review of Prospa’s business following implementation of the Scheme. Accordingly, the above intentions are statements of current intention only and may change as new information becomes available or as circumstances change.</p>	Section 4.4
7.2	What is the HoldCo Constitution?	<p>Prospa Shareholders who receive New HoldCo Shares under the Scheme will be subject to the HoldCo Constitution. This will occur by automatic operation of the Scheme, without the need for any action on their part. When the Scheme becomes Effective, the terms of the HoldCo Shareholders’ Deed will prevail to the extent of any inconsistency between the HoldCo Constitution and the HoldCo Shareholders’ Deed.</p>	Annexure 4

Item ('FAQ')	Question	Answer	Further Information
		A copy of the HoldCo Constitution is at Annexure 4.	
7.3	What is the HoldCo Shareholders' Deed?	Prospera Shareholders who receive HoldCo Shares under the Scrip Consideration will become parties to the HoldCo Shareholders' Deed. This will occur by automatic operation of the Scheme, without the need for any action on their part. The HoldCo Shareholders' Deed sets out the rights and obligations of shareholders in HoldCo and (following implementation of the Scheme) Prospera. A full copy of the HoldCo Shareholders' Deed is set out at Annexure 5.	Section 4.6 and Annexure 5
7.4	Who is the nominee?	On 29 May 2024, HoldCo appointed Perpetual Nominees Limited ACN 000 733 700 (Nominee) as the independent third party trustee to hold HoldCo Shares on bare trust for Scheme Shareholders who receive HoldCo Shares under the Scrip Consideration, other than those that are entitled to and have opted for a Direct Holding, in accordance with the terms of the HoldCo Constitution, HoldCo Shareholders' Deed and Nominee Deed, copies of which are set out in Annexure 4, Annexure 5 and Annexure 6, respectively.	Section 4.7.2
7.5	What are the nominee arrangements?	<p>It is a requirement under the HoldCo Shareholders' Deed that HoldCo has no more than 50 members. To give effect to this requirement, HoldCo will appoint the Nominee to hold HoldCo Shares on bare trust for Scheme Shareholders who receive HoldCo Shares under the Scrip Consideration, other than those that are entitled to and have opted for a Direct Holding, in accordance with the terms of the HoldCo Constitution, HoldCo Shareholders' Deed and Nominee Deed, copies of which are set out in Annexure 4, Annexure 5 and Annexure 6, respectively.</p> <p>A Scheme Shareholder who would hold at least 1,000,000 HoldCo Shares on the Implementation Date or otherwise have a beneficial interest in at least 1,000,000 HoldCo Shares by virtue of the nominee arrangements on or after the Implementation Date is entitled to, following written notice to HoldCo, direct HoldCo to issue those Shares to itself (if notice is provided at least 2 Business Days prior to the Implementation Date) or direct the Nominee to transfer legal title to the HoldCo Shares it has the beneficial interest in (if notice is provided after that time), provided such transfer does not result in HoldCo exceeding 50 members (Direct Holding). The form of notice in respect of a Direct Holding must be provided to HoldCo in the form of a Direct Holding Notice and made in accordance with the HoldCo Shareholders' Deed. If you would like a copy of the Direct Holding Notice to complete and provide to HoldCo, please contact Prospera's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia). The Shareholder Information Line is open Monday to Friday between 8.30am and 5.30pm (Sydney time), excluding public holidays.</p> <p>The intention of the nominee arrangements is that the Prospera Shareholders will have the rights as set out in the HoldCo Constitution, the HoldCo Shareholders' Deed, as if the Scheme Shareholder were holding the HoldCo Shares directly, even if they transfer legal title to their HoldCo Shares to the Nominee. The nominee arrangements may be imposed by HoldCo upon issue of the New HoldCo Shares or at any time after the Implementation Date of the Scheme.</p>	Section 4.7.2

Item ('FAQ')	Question	Answer	Further Information
8	Other questions		
8.1	Will I have to pay brokerage or stamp duty?	No, you will not have to pay brokerage or stamp duty on the transfer of Scheme Shares under the Scheme.	
8.2	What are the tax implications of the Scheme?	If the Scheme becomes Effective and is implemented, there may be tax consequences for Scheme Shareholders which may include tax being payable on any capital gain on disposal of Prospa Shares. For further detail regarding general Australian tax consequences of the Scheme for certain Prospa Shareholders, refer to the Tax Implications set out in Section 7. The tax treatment may vary depending on the nature and characteristics of each Prospa Shareholder and their specific circumstances including whether they are tax resident in a jurisdiction other than Australia. Accordingly, Prospa Shareholders should seek professional tax advice in relation to their particular circumstances.	Section 7
8.3	What are the prospects of receiving a Superior Proposal in the future?	Under the Scheme Implementation Deed, Prospa is not bound by exclusivity obligations. If a Superior Proposal emerges, the Independent Board Committee will carefully consider it and advise you of their recommendation. As at the Last Practicable Date, the Independent Board Committee is not aware of any Superior Proposal. If the majority of the Independent Board Committee withdraw or adversely modify their recommendation concerning the Scheme, Prospa may be obliged to pay a break fee of \$600,000 (see Section 6.4(b)(v)).	Sections 2.1 and 6.4(b)
8.4	Can I sell my Prospa Shares now?	Yes. You can sell your Prospa Shares on market at any time before the close of trading on the ASX on the Effective Date at the then prevailing market price (which may vary from the Cash Consideration). If you do so, you will not receive the Scheme Consideration and you may incur brokerage costs. Prospa intends to apply for Prospa Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date (which is expected to be Thursday, 1 August 2024). You will not be able to sell your Prospa Shares on market after this time.	Section 2.16
8.5	What if I have further questions about the Scheme?	If you have any questions about the Scheme, please contact Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or + 61 1800 236 994 (outside Australia). The Shareholder Information Line is open Monday to Friday from 8.30am to 5.30pm (Sydney time), excluding public holidays. For information about your personal circumstances, please consult with your legal, financial, tax and other professional advisers.	

2. Summary of the Scheme

2.1 Background

On 27 February 2024, Prospa announced that it had entered into a Scheme Implementation Deed with HoldCo, an unlisted Australian public company, and BidCo, an unlisted Australian proprietary company that is directly owned by HoldCo.

The Scheme Implementation Deed sets out a framework for Prospa to propose a scheme of arrangement between itself and Prospa Shareholders (other than Excluded Shareholders) under which BidCo will acquire 100% of Prospa Shares on issue held by Scheme Shareholders.

The circumstances leading up to Prospa entering into the Scheme Implementation Deed began in July 2023 after Prospa received unsolicited interest from a prospective bidder concerning a potential control transaction. Prospa subsequently established the Independent Board Committee to review any proposal and oversee the resulting negotiations. The Independent Board Committee appointed RTG Capital Partners as its financial adviser, and Herbert Smith Freehills as its legal adviser, to help coordinate its discussions and negotiations with the bidder with a view to maximising shareholder value. Following preliminary discussions between RTG Capital Partners and representatives of the bidder, a formal non-binding indicative offer was submitted by the bidder to the Independent Board Committee on 3 November 2023. The offer was evaluated across a number of criteria including price, other transaction terms, execution certainty and the strategic rationale of the bidder, as well as a comparison to the continuation of Prospa's current ownership and business strategy. The Independent Board Committee chose to proceed with the bidder's proposal on the basis that it delivered a cash payment at a premium to the prevailing share price and offered certainty of value for Prospa Shareholders in an otherwise very illiquid market which, combined with the concentrated nature of the Prospa share register, constrained the Board's ability to seek other strategic alternatives. As a result, the bidder was offered a period of exclusivity to complete due diligence and negotiate definitive transaction documents. During the exclusivity period, due diligence was completed in parallel with further negotiations. Those negotiations resulted in the Consortium being formed and the Scheme Implementation Deed and related documents being entered into, and the Scheme being announced, on 27 February 2024.

Having carefully considered BidCo's proposal, the members of the Independent Board Committee unanimously recommend that Prospa Shareholders (other than Excluded Shareholders) vote in favour of the Scheme at the Scheme Meeting and the General Meeting Resolutions at the General Meeting, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders.

The key terms of the Scheme Implementation Deed are summarised in Section 6.4(b). A full copy of the Scheme Implementation Deed may be obtained by calling Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia) or from Prospa's website: <https://investor.prospa.com/investor-centre/>. The Shareholder Information Line is open Monday to Friday from 8.30am to 5.30pm (Sydney time), excluding public holidays.

2.2 What will happen under the Scheme?

If the Scheme is approved by Prospa Shareholders (other than Excluded Shareholders) and the Court (as discussed in Sections 2.13 and 2.14), and subject to the satisfaction or waiver of the other Conditions Precedent and the Condition Subsequent outlined in Section 2.3 (including the requirement for the General Meeting Resolutions to be approved by the requisite majority of Prospa Shareholders at the General Meeting), all Prospa Shareholders (other than Excluded Shareholders) who hold Prospa Shares as

at the Scheme Record Date will participate in the Scheme, whether or not they voted for the Scheme (and even if they voted against the Scheme).

If the Scheme becomes Effective and is implemented:

- (a) BidCo will acquire 100% of the Scheme Shares;
- (b) each Scheme Shareholder will receive the Cash Consideration in exchange for each Scheme Share, unless they have Elected or are deemed to have Elected the Scrip Consideration;
- (c) BidCo will acquire a controlling interest in Prospa, by holding 100% of the total issued Prospa Shares; and
- (d) Prospa will be removed from the official list of the ASX and will cease to be listed on the ASX.

The detailed terms of the Scheme are set out in Annexure 2. In support of its obligations to provide or procure the provision of the Scheme Consideration under the Scheme Implementation Deed, BidCo and HoldCo have executed the Deed Poll with Prospa in favour of Prospa Shareholders (see Annexure 3).

For the Scheme to proceed, the Resolutions must be approved by the requisite majorities of Prospa Shareholders at the Meetings and the Scheme must be approved by the Court. There are also other Conditions Precedent and the Condition Subsequent that need to be satisfied or waived before the Scheme proceeds. The key Conditions Precedent and the Condition Subsequent are outlined in Section 2.3.

2.3 Conditions to the Scheme

(a) Conditions Precedent

The Conditions Precedent contained in the Scheme Implementation Deed need to be satisfied or (where applicable) waived before the Scheme can be implemented.

In particular, the Conditions Precedent include but are not limited to the following:

- receipt of various approvals, consents or relief from regulatory authorities, including ASIC and FIRB;
- approval of the Scheme by the requisite majority of Prospa Shareholders at the Scheme Meeting;
- approval of the General Meeting Resolutions (to facilitate the iPartners Funding) by the requisite majority of Prospa Shareholders at the General Meeting (see Section 2.12 for further information);
- Prospa and iPartners entering into binding documentation to:
 - facilitate the iPartners Funding;
 - document iPartners' consent to the change of control that will occur on implementation of the Scheme; and
 - document iPartners' undertaking to forbear from enforcing any of its rights under the Prospa OpCo Facility Agreement and other Finance Documents in respect of any event of default or review event under the Prospa OpCo Facility Agreement in the period from (and including) the Business Day prior to the Second Court Date until (and including) the Implementation Date, and

the iPartners Funding remaining available to Prospa as at 8.00am on the Second Court Date.

The binding documentation has been entered into and change of control consent provided as at the Last Practicable Date;

- approval of the Scheme by the Court;
- no Prospa Material Adverse Change, no Prospa Prescribed Occurrence and no Prospa Regulated Event having occurred;
- satisfaction of the Minimum Election Condition Precedent (see Section 2.5 for further details); and
- receipt of change of control consents under certain Prospa debt and warehouse funding facilities. This Condition Precedent has been satisfied.

Refer to the summary of the key terms of the Scheme Implementation Deed in Section 6.4(b), which contains further details on the Conditions Precedent.

(b) Condition Subsequent

The implementation of the Scheme is also subject to the Condition Subsequent providing that, unless a breach of the Condition Subsequent is waived by BidCo on or before the date that is three Business Days after the Scheme Record Date, the Scheme will automatically terminate and be of no further force or effect if one or more Prospa Shareholders who make an Election to receive the Scrip Consideration:

- transfer some or all of their Prospa Shares that were the subject of that Election after the Election Time and before the Scheme Record Date; or
- change their address as shown on the Prospa Share Register such that they become Ineligible Foreign Shareholders,

and, as a result of such transfer or transfers or change or changes of address, the number of Prospa Shares in respect of which Prospa Shareholders have made (or are deemed to have made) Elections for the Scrip Consideration under the Scheme (together with any Prospa Shares held by a BidCo Group Member, including the BidCo Group Shareholding) comprise less than 73.30% of the Prospa Shares on issue at the Scheme Record Date.

Following the announcement of the Scheme, a number of large shareholders, including Prospa's Executive Directors, Gregory Moshal and Beaumont Bertoli, representing a total of 73.30% shares on issue of Prospa on the Scheme Record Date (when taken together with Prospa Shares held by the Consortium and the BidCo Group Members), have each advised the Independent Board Committee that they intend to vote in favour of the Resolutions and to Elect and receive the Scrip Consideration, in the absence of a Superior Proposal emerging.

Accordingly, the Independent Board Committee is satisfied that there is a reasonable basis to expect that the Minimum Election Condition Precedent and the Condition Subsequent will be satisfied.

2.4 Details of Scheme Consideration

If the Scheme becomes Effective and is implemented, each Prospa Shareholder will receive the Scheme Consideration in respect of the Prospa Shares held by them on the Scheme Record Date, as set out below.

(a) Cash Consideration

If the Scheme becomes Effective and is implemented, each Prospa Shareholder who is to receive the Cash Consideration in respect of any Prospa Shares they hold (as they are an Ineligible Foreign Shareholder or have not made an Election for the Scrip Consideration as described in Section 2.8) will receive the Cash Consideration of \$0.45 in respect of each Prospa Share they hold as at the Scheme Record Date.

The default form of consideration under the Scheme is the Cash Consideration. Prospa Shareholders do not have to make any Election to receive the Cash Consideration for all of their Prospa Shares.

(b) Scrip Consideration

Eligible Prospa Shareholders can Elect to receive the Scrip Consideration instead of the Cash Consideration in respect of all (but not some) of their Prospa Shares.

Eligible Prospa Shareholders who make an Election for the Scrip Consideration will receive one New HoldCo Share for each Prospa Share they hold as at the Scheme Record Date.

The Scrip Consideration is only available to Prospa Shareholders who are not Ineligible Foreign Shareholders. A Scheme Shareholder whose address shown in the Prospa Share Register is a place outside Australia or New Zealand as at the Scheme Record Date will be deemed an Ineligible Foreign Shareholder and HoldCo is under no obligation to allot or issue you the Scrip Consideration unless HoldCo determines that it is lawful and not unduly onerous or impracticable to issue the Scheme Shareholder with New HoldCo Shares when the Scheme becomes Effective.

The Independent Expert has identified a number of factors that Prospa Shareholders should consider before making any Election for the Scrip Consideration.

Please refer to the Independent Expert's Report in Annexure 1 and the views expressed therein in relation to the Scrip Consideration.

There is no assurance that the future value of the HoldCo Shares will be equal to or higher than the value of the Cash Consideration.

2.5 Minimum Election Condition Precedent

The Scheme is subject to a Condition Precedent that Eligible Prospa Shareholders that have or are deemed to have made Elections for the Scrip Consideration (together with any Prospa Shares held by the Consortium and a BidCo Group Member) comprise at least 73.30% of the Prospa Shares on issue on the Scheme Record Date.

Following the announcement of the Scheme, a number of large shareholders, including Prospa's Executive Directors, Gregory Moshal and Beaumont Bertoli, representing a total of 73.30% shares on issue of Prospa on the Scheme Record Date (when taken together with Prospa Shares held by the Consortium and the BidCo Group Members), have each advised the Independent Board Committee that they intend to vote in favour of the Resolutions and to Elect and receive the Scrip Consideration, in the absence of a Superior Proposal emerging.

Other than to issue new Prospa Shares in respect of:

- (a) Performance Rights held by employees which are or become vested (unless cash settlement is specifically requested) and have not otherwise lapsed by the Effective Date in accordance with their existing terms; and
- (e) Options held by employees which are or become exercisable and which are validly exercised by the participants and have not otherwise lapsed by the Effective Date all in accordance with their existing terms,

Prospa has agreed that it will cause all other Performance Rights and Options to lapse without any entitlement to receive Prospa Shares or any form of payment on the Effective Date.

Prospa has further agreed that it will not issue any new securities (including shares, Options, Performance Rights, warrants or other convertible securities) between the date of the Scheme Implementation Deed and the earlier of termination of the Scheme Implementation Deed and the Implementation Date.

As a result of any issuance of Prospa Shares to satisfy vesting of Performance Rights held by employees, the maximum number of Prospa Shares that is expected to be on issue on the Implementation Date is 164,736,513. This maximum number assumes that a maximum of 129,376 Prospa Shares may be issued between the Last Practicable Date and the Implementation Date as a result of the vesting of Performance Rights, no Prospa Shareholder requests cash settlement in respect of their Performance Rights and no Options are exercised during this period as the exercise price for all Options on issue exceeds the Cash Consideration. The percentage referred in the Minimum Election Condition Precedent in the Scheme Implementation Deed has been calculated by reference to this maximum number of Prospa Shares.

2.6 iPartners Condition Precedent

The Scheme is subject to a Condition Precedent that Prospa and iPartners enter into binding documentation:

- (a) to allow up to \$12 million in funds currently drawn under the Prospa OpCo Facility Agreement to be on-lent to BidCo in order to fund part of the Aggregate Cash Consideration;
- (b) document iPartners' consent to the change of control that will occur on implementation of the Scheme; and
- (c) document iPartners' undertaking to forbear from enforcing any of its rights under the Prospa OpCo Facility Agreement and other Finance Documents in respect of any event of default or review event under the Prospa OpCo Facility Agreement in the period from (and including) the Business Day prior to the Second Court Date until (and including) the Implementation Date, and
- (d) the iPartners Funding remains available to Prospa as at 8.00am on the Second Court Date.

The binding documentation has been entered into as at the Last Practicable Date.

The final amount of iPartners Funding will be up to \$12 million and depend on the number of Elections for the Cash Consideration and will be the Aggregate Cash Consideration less the Equity Financing Amount (being \$7,814,827).

This final amount will not be paid to BidCo, but rather be deposited by Prospa or Prospa OpCo into the Trust Account and will only be used for the purpose of partially paying Prospa Shareholders the Aggregate Cash Consideration on implementation of the Scheme.

If the Scheme is not implemented for whatever reason, BidCo will not be entitled to any funds deposited by Prospa or Prospa OpCo in the Trust Account and Prospa will be authorised to recover any such

amounts deposited into the Trust Account. If the Scheme does not proceed, the Prospa OpCo Facility will need to be repaid in full on its termination date.

2.7 HoldCo Constitution, HoldCo Shareholders' Deed and Nominee Deed

Eligible Prospa Shareholders who Elect the Scrip Consideration and, as a result, receive New HoldCo Shares will become parties to the HoldCo Shareholders' Deed and subject to the HoldCo Constitution and, if applicable, the Nominee Deed. A summary of the rights relating to HoldCo Shares under the HoldCo Constitution, HoldCo Shareholders' Deed and Nominee Deed is set out in Section 4.8. Copies of the HoldCo Constitution, HoldCo Shareholders' Deed and Nominee Deed are provided at Annexure 4, Annexure 5 and Annexure 6, respectively.

You should carefully read Sections 4 and 5.4 and the Tax Implications (set out in Section 7) and the Independent Expert's Report in Annexure 1 before making an Election to receive the Scrip Consideration. You should also obtain appropriate legal, financial, tax or other professional advice that is appropriate to your specific circumstances.

2.8 How to make an Election to receive the Scrip Consideration

Eligible Prospa Shareholders can (subject to the conditions outlined above) make an Election to receive the Scrip Consideration in respect of all of their Prospa Shares by completing and returning an Election Form or making an Election online. An election will only be valid if it is made using an Election Form and is received by the Prospa Registry by no later than the Election Time (being 5.00pm (Sydney time) on Monday, 29 July 2024).

An Election Form is attached to this Booklet. Alternatively, Prospa Shareholders are able to make an Election online at <https://investor.prospa.com/scheme/>. Prospa Shareholders may otherwise contact Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time), excluding public holidays, and request an Election Form be sent to them.

In order to make a valid election for the Scrip Consideration, you must be a Prospa Shareholder who is not an Ineligible Foreign Shareholder (see Section 2.10). Elections by Ineligible Foreign Shareholders will be invalid and of no effect, and they will receive the Cash Consideration for all of their Prospa Shares if the Scheme becomes Effective and is implemented.

A Prospa Shareholder who makes an invalid election for the Scrip Consideration will, if the Scheme becomes Effective, receive the Cash Consideration for all of their Prospa Shares (unless otherwise determined by BidCo to be deemed a valid election in accordance with clause 5.2(j) of the Scheme).

Valid elections will apply to all Prospa Shares held by an Eligible Prospa Shareholder as at the Scheme Record Date (currently proposed to be 7.00pm (Sydney time) on Monday, 5 August 2024).

Each Eligible Prospa Shareholder may make one Election and may not subsequently vary or withdraw it, unless BidCo in its absolute discretion agrees to the revocation of the Election. Eligible Prospa Shareholders should contact Prospa's Shareholder Information Line if they need to enquire about the revocation of an Election.

Prospa Shareholders who do not make an Election by the Election Time (being 5.00pm (Sydney time) on Monday, 29 July 2024), will receive the Cash Consideration for all of their Prospa Shares (unless otherwise determined by BidCo to be deemed a valid election in accordance with clause 5.2(j) of the Scheme).

Election Forms, duly completed in accordance with the instructions set out on the Election Form, must be returned to the Prospa Registry so that they are received by the Prospa Registry or made online prior to the Election Time (being 5.00pm (Sydney time) on Monday, 29 July 2024) at:

BY MAIL

Prospa Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

or

BY HAND

Prospa Group Limited
c/- Link Market Services Limited
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

Online Elections can be made at <https://investor.prospa.com/scheme/>.

2.9 Provision of the Scheme Consideration

(a) Cash Consideration

If the Scheme becomes Effective and is implemented, the Cash Consideration will be paid to Prospa Shareholders who do not make an Election for the Scrip Consideration.

The Cash Consideration will be paid on the Implementation Date, which is currently anticipated to be Thursday, 8 August 2024. Scheme Shareholders who have validly registered their bank account details with the Prospa Registry by the Scheme Record Date will have the Cash Consideration credited directly to their registered bank account. Scheme Shareholders who have not registered their bank account details with the Prospa Registry by the Scheme Record Date will have their cash payment sent by cheque to the address shown on the Prospa Share Register.

Prospa Shareholders can review and update their bank account details online at <https://investorcentre.linkgroup.com> before the Scheme Record Date. Prospa Shareholders who do not have an Australian bank account and are not able to bank the Australian dollar cheque may wish to register with OFX to have their payment paid to a currency of their choice. Prospa Shareholders may register by visiting <https://www.ofx.com/linkmarketservices> to get started with their registration. If a Prospa Shareholder chooses to use this service, the Prospa Shareholder is deemed to be entering into an arrangement directly with OFX for the conversion of its payment into the relevant foreign currency subject to certain terms and conditions, to which the Prospa Shareholder would need to agree.

(b) HoldCo Shares under the Scrip Consideration

Prospa Shareholders who have Elected, or are otherwise deemed to have Elected, to take the Scrip Consideration will be issued New HoldCo Shares in respect of all their Prospa Shares.

The New HoldCo Shares will be issued on the Implementation Date. A certificate will be sent to the Nominee (or in the case of a Direct Holding, the Scheme Shareholder) and a holding statement detailing your holding of HoldCo Shares will be issued to you shortly after that date.

2.10 Ineligible Foreign Shareholders

If your address, as shown in the Prospa Share Register is a place outside Australia or New Zealand as at the Scheme Record Date, you will be deemed an Ineligible Foreign Shareholder and HoldCo is under no obligation to allot or issue you the Scrip Consideration unless HoldCo determines that it is lawful and not unduly onerous or impracticable to issue you with New HoldCo Shares when the Scheme becomes Effective.

If you are a Prospa Shareholder whose address as shown in the Prospa Share Register is a place outside Australia or New Zealand and wish to receive the Scrip Consideration you should contact the Shareholder Information Line to enquire as to whether you may be an Eligible Prospa Shareholder.

2.11 Implementation, timetable and procedures

If the Scheme is approved by the requisite majority of Prospa Shareholders and the Court, all other Conditions Precedent and the Condition Subsequent are satisfied or (where applicable) waived, the Scheme will be implemented on the Implementation Date.

The Implementation Date is currently anticipated to be Thursday, 8 August 2024. The key dates and times in relation to the Scheme are set out in the Section titled "Important Dates". These key dates are indicative only and subject to change.

If the Conditions Precedent are not satisfied or waived (as applicable), or the Condition Subsequent is breached, the Scheme will not be implemented and Prospa Shareholders will not receive the Scheme Consideration.

2.12 General Meeting

One of the Conditions Precedent of the Scheme is that Prospa Shareholders pass resolutions at the General Meeting, as required under the Corporations Act, to allow the Prospa OpCo Facility to be utilised for the purpose of on-lending up to \$12 million to BidCo to fund part of the Aggregate Cash Consideration.

The General Meeting is being convened to seek approval of the General Meeting Resolutions. The General Meeting will be held virtually at 3.00pm (Sydney time) on Tuesday, 16 July 2024. Prospa Shareholders who participate in the General Meeting via the online platform at <https://investor.prospa.com/scheme/> will be able to listen to the General Meeting, cast a vote online and ask questions online.

The General Meeting Resolutions are conditional on the Scheme Resolution being passed by the requisite majority of Prospa Shareholders at the Scheme Meeting (and will not take effect if the Scheme is not approved by the requisite majority of Prospa Shareholders).

The General Meeting Resolutions are resolutions to approve:

- for the purposes of section 260A(1)(b) and section 260B of the Corporations Act, and subject to the Scheme becoming Effective, the giving of financial assistance by Prospa to BidCo; and
- for the purposes of Part 2E.1 of the Corporations Act, and subject to the Scheme becoming Effective, the giving of a financial benefit by Prospa to BidCo.

The financial assistance resolution must be passed as a special resolution and the related party resolution by a simply majority (refer to Section 6 of the Notice of General Meeting at Annexure 7 for further details).

The General Meeting Resolutions are set out in the Notice of General Meeting (Annexure 7). This Scheme Booklet forms the explanatory statement regarding the General Meeting Resolutions and contains the information that is required to be provided to Prospa Shareholders under Part 2J.3 of the Corporations Act and Part 2E of the Corporations Act.

Section 260B(4) of the Corporations Act stipulates that certain matters must be addressed in the explanatory statement for the purposes of obtaining member approval in connection with Part 2J.3 of the Corporations Act. Section 219 of the Corporations Act stipulates that certain matters must be addressed in the explanatory statement for the purposes of obtaining member approval in connection with Chapter 2E of the Corporations Act.

Below is a table that identifies the matters which must be addressed, and the relevant location within this Scheme Booklet at which those matters are addressed.

Section of the Corporations Act	Requirement	Where addressed in this Scheme Booklet
Financial Assistance Resolution		
260B(4)	In relation to the transaction, all information that is known to Prospa that is material to the decision on how to vote on the Financial Assistance Resolution	Sections 1, 2.1, 2.2, 2.6, 2.12 and 4 and the Notice of General Meeting at Annexure 7
Related Party Resolution		
219(1)(a)	The related parties to whom the proposed resolution would permit financial benefits to be given	Section 2.6 and 2.12
219(1)(b)	The nature of the financial benefits	Sections 2.6 and 2.12
219(1)(c)	In relation to each Director: <ul style="list-style-type: none"> • If the director wanted to make a recommendation to members about the proposed resolution – the recommendation and his or her reasons for it; or • If not – why not; or • If the director was not available to consider the proposed resolution – why not 	Section 4 of the explanatory notes in the Notice of General Meeting at Annexure 7
219(1)(d) of the Corporations Act	In relation to each Director: <ul style="list-style-type: none"> • Whether the director had an interest in the outcome of the proposed resolution; and • If so – what it was 	Sections 6.1 and 6.2 and section 4 of the explanatory notes in the Notice of General Meeting at Annexure 7

219(1)(e) of the Corporations Act	<p>All other information that:</p> <ul style="list-style-type: none"> • Is reasonably required by members in order to decide whether or not it is in the company's interests to pass the proposed resolution; and • Is known to the company or to any of its directors. 	Sections 1, 2.1, 2.2, 2.6, 2.12 and 4 and the Notice of General Meeting at Annexure 7
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2.13 Scheme Meeting

The Court has ordered that a meeting of Prospa Shareholders to consider the Scheme be held virtually on Tuesday, 16 July 2024, immediately following the General Meeting. Prospa Shareholders who participate in the Scheme Meeting via the online platform at <https://investor.prospa.com/scheme/> will be able to listen to the Scheme Meeting, cast a vote online and ask questions online.

At the Scheme Meeting, Prospa Shareholders (other than Excluded Shareholders) will be asked to consider and, if thought fit, approve the Scheme Resolution. For the acquisition of all Scheme Shares by BidCo to proceed and the Scheme Consideration to be payable, the Scheme Resolution must be passed by a majority in number of Prospa Shareholders present via the online platform and voting (either via the online platform or by proxy) at the Scheme Meeting⁷ and representing in aggregate not less than 75% of the votes cast on the resolution at the Scheme Meeting.

If the Scheme Resolution is not approved by the requisite majority of Prospa Shareholders at the Scheme Meeting, the Scheme will not be implemented and, subject to its obligations under the Scheme Implementation Deed, Prospa will not apply to the Court for any further orders in connection with the Scheme. The Notice of Scheme Meeting is contained in Annexure 8.

2.14 Court approval

Prospa will apply to the Court for orders approving the Scheme if:

- the General Meeting Resolutions are approved by the requisite majority of Prospa Shareholders at the General Meeting or BidCo and Prospa agree in writing to waive the Condition Precedent;
- the Scheme Resolution is approved by the requisite majority of Prospa Shareholders at the Scheme Meeting; and
- all other Conditions Precedent are satisfied or (where applicable) waived.

The date on which the Court hears Prospa's application is the Second Court Date, which is expected to be Wednesday, 31 July 2024. Any change to this date will be announced through the ASX.

The Court may refuse to grant the orders referred to above even if the Scheme is approved by the requisite majority of Prospa Shareholders.

ASIC has been asked to issue a written statement that it has no objection to the Scheme. ASIC would not be expected to issue such a statement until shortly before the Second Court Date. If ASIC does not produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme provided it is satisfied that section 411(17)(a) of the Corporations Act is satisfied.

⁷ The Court has a discretion to dispense with the need to satisfy the 50% 'headcount test'.

Each Prospa Shareholder may appear at the hearing on the Second Court Date by filing with the Court and serving on Prospa a notice of appearance in the prescribed form with any affidavit that the Prospa Shareholder proposes to rely on.

2.15 Actions by Prospa, BidCo and HoldCo

If the Court approves the Scheme, Prospa, BidCo and HoldCo will procure the taking of all steps necessary to implement the Scheme. These will include the following:

- Prospa will lodge with ASIC and the ASX an office copy of the Court order approving the Scheme under section 411(10) of the Corporations Act, at which time the Scheme will become Effective;
- at the close of trading on the Effective Date, Prospa Shares will be suspended from trading on the ASX; and
- on the Implementation Date, 100% of Prospa Shares held by Scheme Shareholders on the Scheme Record Date will be transferred to BidCo and in return BidCo (and HoldCo) will procure that the Scheme Consideration is provided in accordance with the terms of the Scheme (see Section 2.9).

2.16 Suspension of trading in Prospa Shares and delisting of Prospa

If the Scheme becomes Effective, it is expected that suspension of trading in Prospa Shares will occur from the close of trading on the Effective Date (expected to be Thursday, 1 August 2024). It is intended that, on the Implementation Date, Prospa will request that the ASX removes it from the official list of the ASX, and such delisting is expected to occur shortly following that date.

2.17 Warranty by Prospa Shareholders

The Scheme provides that each Scheme Shareholder warrants to BidCo, and is deemed to have authorised Prospa to warrant to BidCo as agent and attorney, that as at the Implementation Date:

- all their Prospa Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer under the Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, and 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- that they have full power and capacity to transfer their Prospa Shares to BidCo together with any rights and entitlements attaching to those shares; and
- they have no existing rights to be issued any Prospa Shares, options, performance rights, convertible notes or any other securities, other than the right to be issued Prospa Shares upon the exercise of Options and Performance Rights (as appropriate).

Scheme Shareholders should be aware that, to the extent that this warranty is untrue in respect of their Prospa Shares, and their Prospa Shares are not transferred under the Scheme free from third party interests, they may be liable to compensate BidCo for any damage caused to those parties resulting from such encumbrance.

2.18 What happens if the Scheme does not proceed?

If the Scheme does not proceed:

- the Scheme Consideration will not be paid and Prospa will continue to be listed on the ASX;

- Prospa Shareholders will retain their Prospa Shares and continue to share in any benefits and risks of Prospa's ongoing business;
- the Prospa OpCo Facility will need to be repaid in full on its termination date; and
- a Reimbursement Fee of \$600,000 may be payable by Prospa to BidCo under certain circumstances. Failure by Prospa Shareholders to pass the Scheme Resolution at the Scheme Meeting does not of itself constitute a circumstance in which the Reimbursement Fee would be payable.

Prospa has a strong business model and management team. If the Scheme does not proceed, and in the absence of a Superior Proposal, it is the Directors' current intention to continue operating Prospa in line with its currently stated strategic objectives.

2.19 Further information

If you have any questions or require further information about the Scheme, you should contact Prospa's Shareholder Information Line on 1800 236 994 (within Australia) and +61 1800 236 994 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday, excluding public holidays.

You should obtain independent financial, legal, tax or other professional advice before making any decision regarding the Scheme.

3. Profile of Prospa

3.1 Overview

Prospa was established in 2012 by Gregory Moshal and Beaumont Bertoli to understand and meet the needs of small business lending. Prospa's purpose is to help small business owners unleash their potential and achieve their business goals. The Company listed on the Australian Securities Exchange on 11 June 2019 and currently serves 21,500 active customers. Prospa has delivered over \$4 billion in loans and facilities to more than 54,000 unique small business customers since inception.

Prospa's customer experience is highly engaged, with the Company having a market-leading Net Promoter Score of 70+. Prospa has grown to become ranked the #1 non-bank financial services category for small business loans in Australia and New Zealand on independent review site Trust Pilot.

Headquartered in Sydney, Australia, Prospa employs over 250 staff in both Australia and New Zealand and had a loan book of \$807 million as at 31 December 2023.

Prospa's market capitalisation was approximately \$61.5 million⁸ on 26 February 2024 (being the trading day immediately prior to Prospa's announcement that it had entered into the Scheme Implementation Deed with BidCo).

3.2 Products

Prospa's suite of products includes amortising fixed term loans to support business owners' cash flow requirements (the Prospa Small Business Loan and Prospa Business Loan Plus) which are available in both Australia and New Zealand, a Line of Credit product which is a re-drawable facility for short-term cash flow needs and is available in Australia and New Zealand and a Business Transaction Account, an integrated cash flow and financial management tool, which is available in Australia only.

Prospa Small Business Loan

Purpose	Lump sum amortising fixed term loans to support business owners to make purchases and invest in growth
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Principal	\$5,000 to \$150,000
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Term	3 to 36 months
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Rates and Fees	Pricing based on credit quality An origination fee is charged on the establishment of each new loan If repayments are missed, late fees may also be applicable
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Payment profile	Automated direct debit instalments on a weekly basis
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⁸ Represented by 163,965,994 Prospa Shares on issue on 26 February 2024 multiplied by the \$0.375 closing share price on that date.

Security	No asset security required to access total Prospa funding up to \$150,000 – For total Prospa funding over \$150,000, security registered on the Personal Property Securities Register ('PPSR') is required – For all loans to an entity type other than a sole trader, a personal guarantee is required
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Prospa Business Loan Plus

Purpose	Lump sum amortising fixed term loans to support business owners to make purchases and invest in growth
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Principal	\$150,000 to \$500,000
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Term	Up to 36 months
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Rates and Fees	Pricing based on credit quality An origination fee is charged on the establishment of each new loan If repayments are missed, late fees may also be applicable
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Payment profile	Automated direct debit instalments on a weekly basis
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Security	Security registered on the Personal Property Securities Register ('PPSR') is required For all loans to an entity type other than to a sole trader, a personal guarantee is required
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Prospa Business Line of Credit

Purpose	A re-drawable facility, which can be utilised for day to day working capital requirements
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Principal	\$2,000 to \$150,000
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Term	Funds can be drawn from the approved credit limit for up to 24 months
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Rates and Fees	Only pay interest on the funds drawn
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Pricing based on credit quality
Service fee is charged while the facility is active or has amounts outstanding
If repayments are missed, late fees may also be applicable

Payment profile Automated direct debit instalments on a weekly basis

Security No asset security required to access total Prospa funding up to \$150,000
For total Prospa funding over \$150,000, security registered on the Personal Property Securities Register ('PPSR') is required, and/or property security depending on credit approval conditions
For all loans to an entity type other than to a sole trader, a personal guarantee is required

Prospa Business Account

The Prospa Business Account is a transactional account provided by Prospa's third party provider, Hay Limited. Deposits are held by an Australian Authorised Deposit-taking Institution ('ADI'). Funds held in a Prospa Business Account can be utilised by making payments through the Prospa website, Prospa App or the accompanying Prospa VISA debit card across VISA's global network. Deposits can be made by electronic fund transfers from an account held with another financial institution.

3.3 Operations

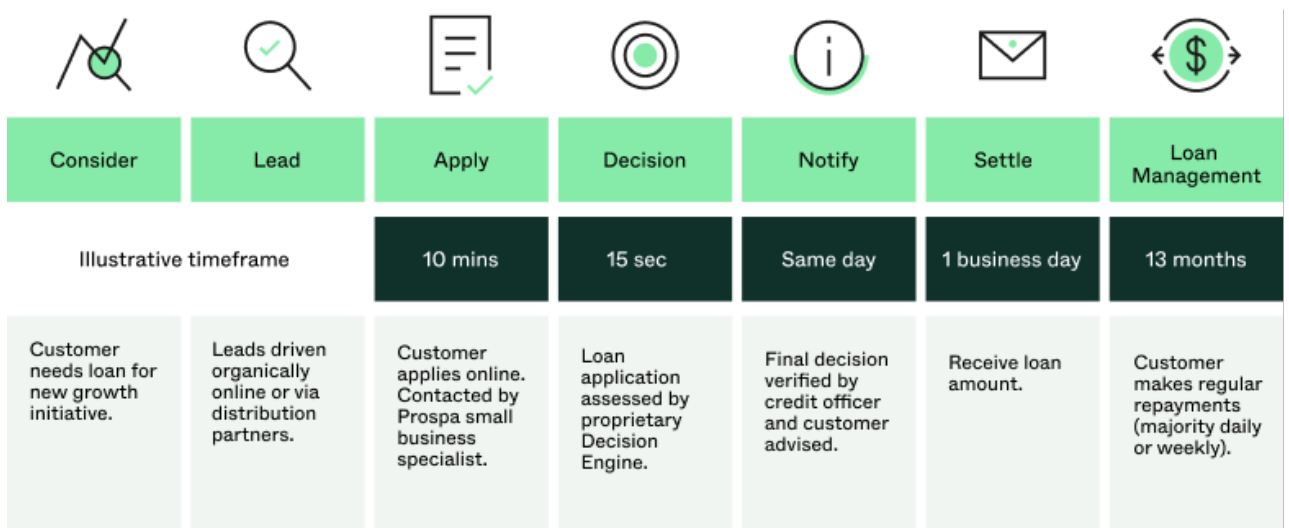
Prospa generates revenue by charging interest and fees for the provision of its credit products. In the provision of these products, Prospa incurs borrowing costs to fund the loans, sales and marketing costs to generate the facility as well as operational costs and any credit losses.

Prospa has combined cloud-based technology and bespoke lending principles to attract leads, assess credit risk and streamline the credit approval process so it is able to respond promptly to funding requests.

Small businesses typically come to Prospa directly or through a partner referral. The application process can take under 10 minutes and is available online, over the phone or through an intermediary. Prospa will typically respond to the customer with a decision within the same business day as an application has been received, including whether or not they have been approved, and, if they have been approved, the credit facility size, pricing and potential term.

If the customer accepts these terms, a contract is immediately generated and able to be signed electronically. Once signed, funds are then deposited into the business' bank account (generally by the next business day) and a payment profile is established in the form of a direct debit on a weekly basis. Prospa's customer journey from considering a loan through to settlement and ongoing management is set out in Figure 2 below.

Figure 2: Prospa customer journey

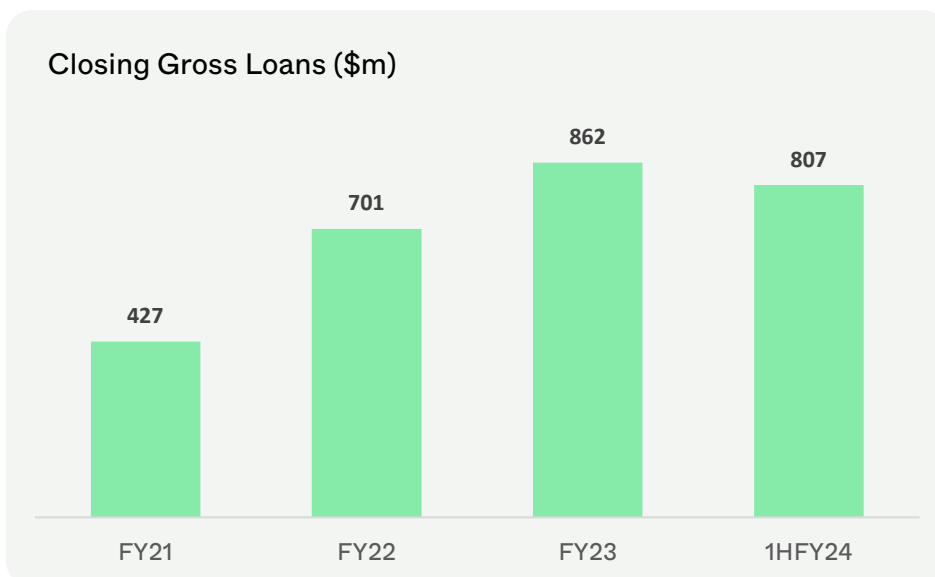


Prospa engages with a network of more than 16,000 Distribution Partners, including finance brokers, aggregator networks, online affiliates and other advisers to facilitate referrals and customer acquisitions across Australia and New Zealand.

3.4 Portfolio

Prospa had a loan book of \$807 million as at 31 December 2023. Figure 3 below shows the changing size of the loan book in recent years.

Figure 3: Closing Gross Loans between FY21 and H1 FY24



Splits of Prospa’s loan book by geography and product are shown below in Figures 4 and 5.

Figure 4: Prospa loan book split by geography as at 31 December 2023

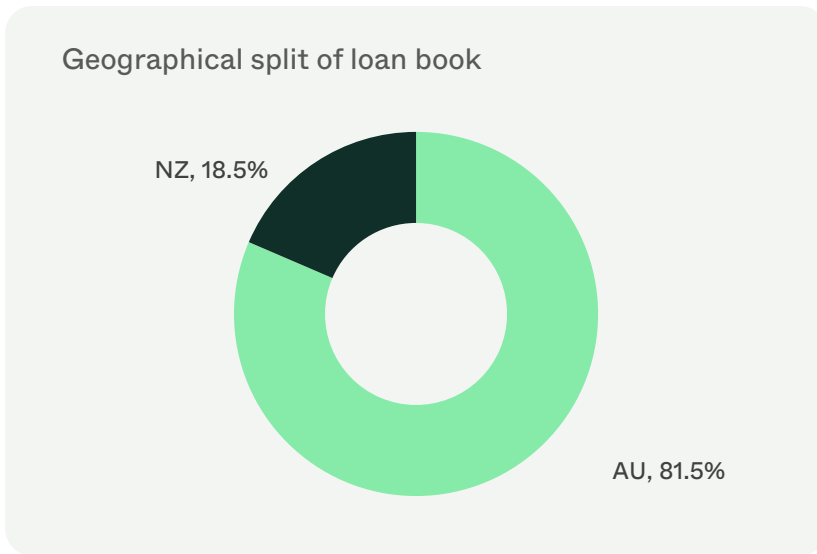
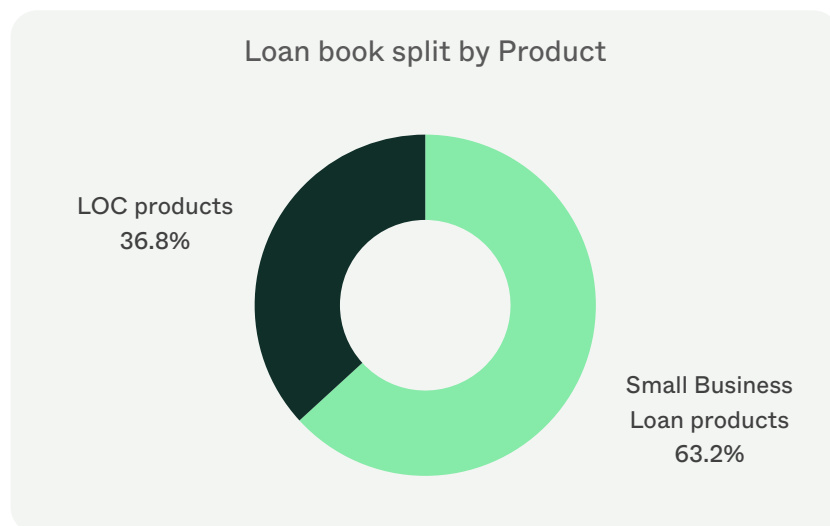
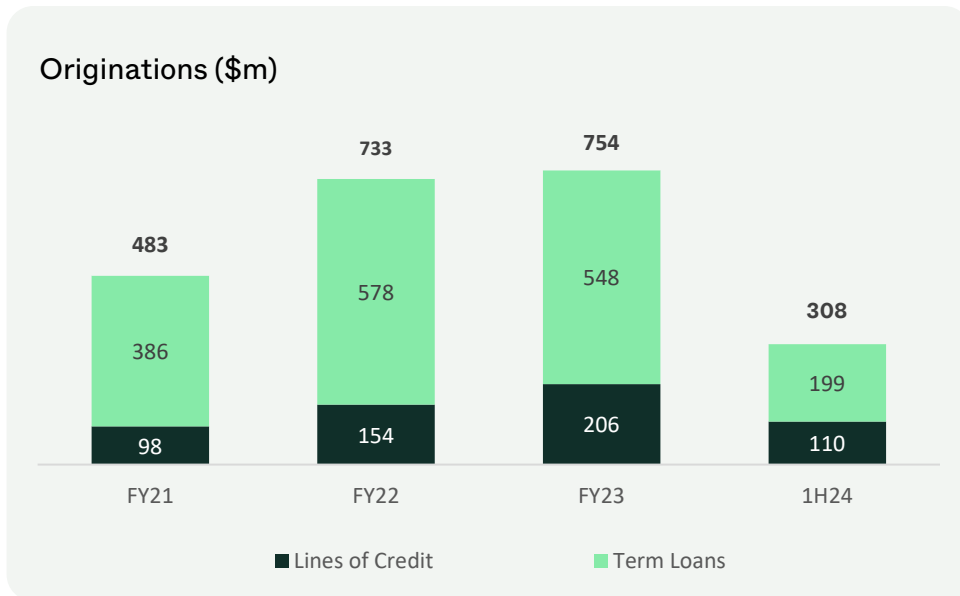


Figure 5: Prospa loan book split by product as at 31 December 2023



Prospa is focused on maintaining the credit quality of the book, given the continued uncertainty in the operating environment for small business. As a result, Prospa continues to take proactive measures to address credit performance across all risk grades and industry segments. This included a deliberate tightening of credit risk settings, which resulted in lower origination volumes in H1 FY24. Figure 6 below shows originations over the last three financial years.

Figure 6: total originations between FY21 and H1 FY24



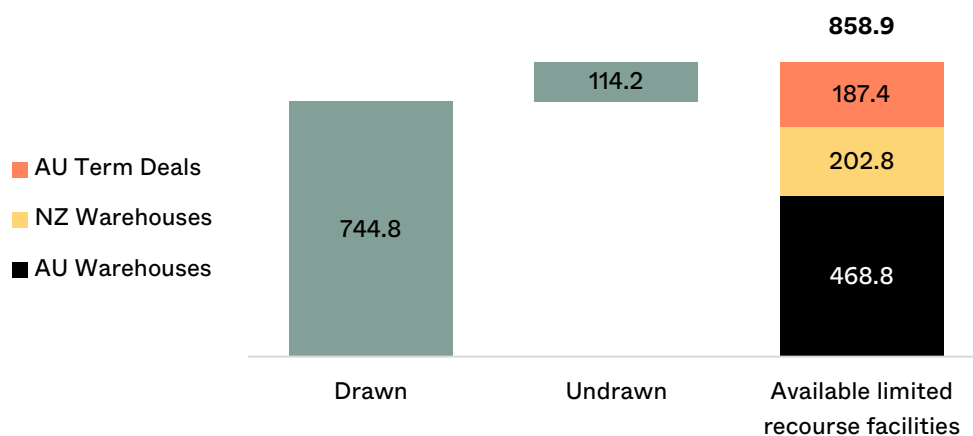
3.5 Funding

Prospa has four principal sources of funding to support the loan book and operations:

- **Warehouse Facilities:** revolving multi-tiered facilities to fund the purchase of loans originated by Prospa;
- **Term Facilities:** fixed term asset backed securitisations ('ABS') with a multi-tiered capital structure to fund a select pool of loans originated by Prospa;
- **Corporate debt:** corporate loan facility which can be used for general corporate purposes, including working capital; and
- **Cash:** cash balance can be applied for corporate purposes, including the funding of loans and subscribing for notes in our Warehouse Facilities or Term Facilities.

As at 31 December 2023, Prospa had \$858.9 million in available facilities of which \$744.8 million was drawn. Prospa's available limited recourse facilities as at 31 December 2023 are shown in Figure 7 below.

Figure 7: Available limited recourse facilities as at 31 December 2023



As at 31 December 2023, Prospa had five Warehouse Facilities (three in Australia and two in New Zealand) and one ABS Issuance in Australia. On 15 December 2023, Prospa exercised its option to call the PROSPARous Trust 2021-1, its inaugural term ABS Issuance, the first of its kind in Australia. On 5 April 2024, Prospa announced its third public asset-backed securities offering (PROSPARous Trust 2024-1). Settlement of the PROSPARous 2024-1 term deal occurred on 11 April 2024, with a limit of \$200 million.

In July 2023, the Company established a \$12 million corporate debt facility with iPartners (referred to in this Scheme Booklet as the Prospa OpCo Facility). The purpose of the facility was to support the growth of the business and act as a buffer should economic headwinds intensify. However, use of the funds has not been required and as a result the drawn amount has been held in term deposits since July 2023.

Prospa's funding facilities as at 31 December 2023 are summarised below.

Type	Trust	Note	Availability Period Expiry (current)	Limit (A\$m) (at 31/12/23)	Drawn (A\$m) (at 31/12/23)	Undrawn (A\$m) (at 31/12/23)
AU Warehouse	Pioneer	A	31/03/25	150.0	141.3	8.7
		B	30/09/24	48.8	40.8	8.0
	Prosparity	A	17/05/24	105.0	105.0	-
		B		30.0	29.1	0.9
	Propela	A1	30/09/24	70.0	53.4	16.6
		A2		35.0	26.7	8.3
	B		30.0	23.2	6.8	
NZ Warehouse	Kea 2021-1	A	Repaid	55.7	10.2	45.5
		B	16/03/26	30.2	30.2	-
	Kea 2021-2	A	31/08/24	116.9	97.5	19.5
AU Term Deal	PROSPARous 2022-1	A	N/A	142.0	142.0	-
		B		19.0	19.0	-
		C		8.4	8.4	-
		D		18.0	18.0	-
Total				858.9	744.8	114.2

As at 31 December 2023, total cash was \$117.2 million, of which \$30.9 million was unrestricted⁹.

3.6 Historical Financial Information

3.6.1 Basis of preparation

This historical financial information set out in this Section 3.6 has been extracted from Prospa's audited financial statements for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023, which were audited by Deloitte, and interim financial statements for the 6 months to 31 December 2023, which were reviewed by Deloitte, and should be read in conjunction with the notes included in those financial reports.

Those reports were prepared following the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act, as appropriate for for-profit oriented entities. This historical financial information also complies with

⁹ Excluding \$12 million of corporate debt.

International Financial Reporting Standards issued by the International Accounting Standards Board ('IASB').

This historical financial information has been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and loans and other receivables which are measured at amortised cost.

The historical financial information is presented in Australian dollars, Prospa's functional and presentation currency.

Comparatives are consistently presented with current period disclosures.

3.6.2 Prospa's consolidated profit and loss statement

The audited historical Consolidated Profit and Loss Statement for the years ended 30 June 2021, 30 June 2022 and 30 June 2023 and the auditor reviewed historical Consolidated Profit and Loss Statement for the 6 months to 31 December 2023 are set out below.

	FY21	FY22	FY23	1H FY24
Interest income	101.2	152.0	240.4	121.7
Other income	9.3	14.9	29.8	15.7
Total income	110.5	166.9	270.2	137.4
Interest Expense	(17.9)	(23.3)	(52.0)	(36.9)
Gross profit	92.6	143.6	218.1	100.5
Expenditure				
Loan impairment expense	(27.3)	(47.3)	(139.4)	(36.3)
Employment expenses	(35.2)	(48.2)	(66.2)	(31.9)
Operating expenses	(29.7)	(35.9)	(41.4)	(19.0)
Share-based payments	(4.8)	(3.0)	(3.9)	(1.8)
Depreciation	(2.7)	(2.6)	(2.5)	(1.2)
Amortisation	(5.3)	(4.7)	(3.7)	-
Impairment of intangible asset	-	-	(24.9)	-
Corporate interest expense	(0.5)	(0.3)	(0.2)	(1.3)
Total expenditure	(105.6)	(141.9)	(282.2)	(91.5)
Profit/(loss) before income tax (expense)/benefit	(13.0)	1.7	(64.1)	9.0
Income tax expense	3.5	5.1	19.2	(2.7)
Profit/(loss) after income tax (expense)/benefit for the period attributable to the owners of Prospa Group Limited	(9.5)	6.7	(44.9)	6.3

Foreign currency translation	(0.1)	(0.9)	0.1	0.5
Fair value gain on cash flow hedge	-	2.0	(1.3)	(0.7)
Fair value gain on cost of hedging	-	0.0	(0.2)	(0.1)
Other comprehensive income/(loss) for the year, net of tax	(0.1)	1.1	(1.4)	(0.3)
Total comprehensive income for the period attributable to the owners of Prospa Group Limited	(9.6)	7.8	(46.3)	6.0

3.6.3 Prospa's consolidated cash flow statement

The audited historical Consolidated Cash Flow Statement for the years ended 30 June 2021, 30 June 2022 and 30 June 2023 and the auditor reviewed historical Consolidated Profit and Loss Statement for the 6 months to 31 December 2023 are set out below.

Cash flows from operating activities	FY21	FY22	FY23	1H FY24
Finance income received	107.5	161.5	256.2	129.2
Other income received	10.0	11.5	17.7	8.5
Interest and other finance costs paid	(17.9)	(24.2)	(52.6)	(34.9)
Payments to suppliers and employees	(71.1)	(90.0)	(124.5)	(65.0)
Income tax refunded		0.7	-	-
JobKeeper payments received		3.9	-	-
Net cash provided by operating activities before changes in operating assets	33.1	58.8	96.8	37.9
Net increase in loans advanced to customers	(89.0)	(297.9)	(230.3)	8.8
Net Cash inflows/(outflows) from operating activities	(55.9)	(239.1)	(133.5)	46.6
Cash flows from investing activities				
Payments for Other Financial Assets	-	(0.6)	(0.2)	0.5
Payments for intangibles	(4.8)	(15.4)	(10.7)	-
Other investing cash flows	-	1.1	(0.0)	(1.3)
Net cash used in investing activities	(4.8)	(14.9)	(10.9)	(0.8)
Cash flows from financing activities				
Proceeds from corporate debt	-	-	-	12.0
Proceeds from borrowings	136.9	389.1	430.8	31.6
Repayment of borrowings	(104.4)	(107.6)	(292.3)	(68.1)
Principal repayment of lease liabilities	(2.0)	(2.3)	(2.5)	(1.3)
Payments for share repurchase	(0.0)	(0.4)	(0.9)	-
Proceeds from exercise of options	0.2	0.0	-	-
Proceeds from sale of loan shares	0.1	1.3	-	-

Cash settled employee rights	-	(0.0)	-	-
Net cash from financing activities	30.8	280.1	135.2	(25.9)
Net (decrease)/increase in cash and cash equivalents	(29.9)	26.1	(9.2)	19.9
Cash and cash equivalents at the beginning of the financial year	110.3	80.4	105.8	96.9
Effects of exchange rate changes on cash and cash equivalents	-	(0.7)	0.4	0.3
Cash and cash equivalents at the end of the financial year	80.4	105.8	96.9	117.2

3.6.4 Prospa's consolidated Balance Sheet

The audited historical Consolidated Balance Sheet for the years ended 30 June 2021, 30 June 2022 and 30 June 2023 and the auditor reviewed historical Consolidated Balance Sheet for the 6 months to 31 December 2023 are set out below.

Assets	Jun-21	Jun-22	Jun-23	Dec-23
Cash and cash equivalents	80.4	105.8	96.9	117.2
Bank deposits	1.1	-	0.0	1.4
Loan receivables	393.4	650.5	752.7	715.1
Other financial assets	-	0.6	1.3	1.0
Derivative financial assets	0.0	7.5	0.7	-
Prepayments and other assets	2.5	3.2	3.1	3.3
Property, plant and equipment	0.7	0.3	0.1	-
Right-of-use assets	5.0	7.9	5.9	4.7
Intangible assets	7.2	17.9	-	-
Deferred tax assets	14.3	18.3	38.3	36.0
Total assets	504.5	812.1	899.0	878.7
Liabilities				
Trade and other payables	7.8	12.8	10.0	5.5
Current tax liabilities	-	1.5	-	-
Employee benefits	5.6	8.0	9.6	8.1
Lease liabilities	6.7	9.5	7.3	6.0
Borrowings	359.9	640.8	779.1	757.8
Derivative	-	-	-	0.5
Total liabilities	380.0	672.7	806.0	778.0
Net assets	124.5	139.4	93.0	100.8
Equity				

Issued Capital	610.9	611.8	610.9	610.9
Reserves	(422.5)	(415.2)	(415.9)	(414.5)
Retained earnings	(63.9)	(57.2)	(102.1)	(95.7)
Total equity	124.5	139.4	93.0	100.8

3.7 Update on material changes to Prospa's financial performance and financial position

To the knowledge of the Directors, the financial position of Prospa has not materially changed since the half year reporting date of 27 February 2024 other than:

- the issue of Prospa Shares under the Prospa Equity Incentive Plans as follows:
 - 171,133 Prospa Shares on 5 March 2024;
 - 134,169 Prospa Shares on 5 March 2024;
 - 244,500 Prospa Shares on 30 April 2024; and
 - 91,311 Prospa Shares on 21 May 2024;
- the settlement of the PROSPARous 2024-1 term deal on 11 April 2024, with a limit of \$200 million; and
- as disclosed in this Scheme Booklet or as otherwise disclosed to the ASX by Prospa.

Further details regarding Prospa Group's long term incentive plans are set out in Section 6.5.

3.8 Directors and senior executives

(a) Prospa Directors

Name	Position
Gail Pemberton AO	Independent Chair and Non-Executive Director
Gregory Moshal	CEO and Executive Director
Fiona Trafford-Walker	Independent Non-Executive Director
Mary Ploughman	Independent Non-Executive Director
Aviad Eyal	Non-Executive Director
Beaumont Bertoli	Chief Revenue Officer and Executive Director

(b) Prospa's executive leadership team

Name	Position
Gregory Moshal	CEO
Ross Aucutt	Chief Financial Officer

Beaumont Bertoli	Chief Revenue Officer
Dean McAuley	Chief Risk Officer
Andrew Malak	Chief Product and Technology Officer
Margot Birbeck	Executive General Manager, Operations
Elise Ward	Chief People Officer (on parental leave)
Tanya McCabe	Interim Chief People Officer (covering parental leave)
Matt King	Chief Strategy and Commercial Officer

3.9 Capital structure

As at the Last Practicable Date, the capital structure of Prospa is as follows:

- 164,607,137 Prospa Shares;
- 11,312,814 unvested and/or unexercised performance rights over Prospa Shares; and
- 7,087,805 options over unissued Prospa Shares.

The maximum number of Prospa Shares that is expected to be on issue on the Implementation Date is 164,736,513.¹⁰

Refer to Section 6.5 for additional information regarding the intended treatment of performance rights and options under the Prospa Equity Incentive Plans in connection with the Scheme.

3.10 Substantial shareholders

The substantial shareholders of Prospa as recorded in the Prospa Share Register, as at the Last Practicable Date, are as follows.

Substantial shareholder	Number of Prospa Shares	% of Prospa Shares on issue
Curfore Pty Ltd	52,092,763	31.65
Gregory Moshal ¹¹	25,210,175	15.32
Airtree Ventures entities ¹²	14,605,185	8.87
Beaumont Bertoli ¹³	9,809,644	5.96

¹⁰ This maximum number of Prospa Shares is calculated assuming that (a) a maximum of 129,376 Prospa Shares may be issued between the Last Practicable Date and the Implementation Date as a result of the vesting of Performance Rights; (b) no Prospa Shareholder requests cash settlement in respect of their Performance Rights; and (c) no Options are exercised during the period as the exercise price for all Options on issue exceeds the Cash Consideration.

¹¹ The equity securities held by Gregory Moshal reflect his current interests as disclosed in his Appendix 3Y change of director's interest notice released to the ASX on 9 January 2024.

¹² Airtree Ventures entities are Airtree Ventures Opportunity Fund Trusco Pty Ltd and Airtree Ventures GP Pty Ltd.

¹³ The equity securities held by Beaumont Bertoli reflect his current interests as disclosed in his Appendix 3Y change of director's interest notice released to the ASX on 8 January 2024.

3.11 Recent share price

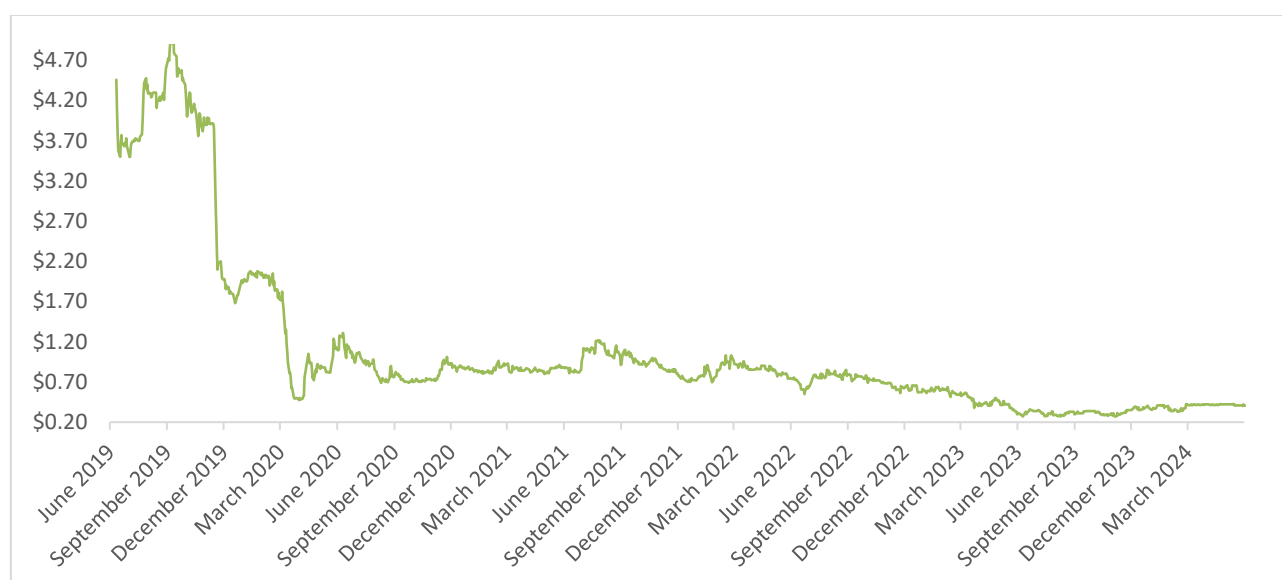
Prospa is listed on the ASX on 11 June 2019 under the code 'PGL'. Prospa's share price from Initial Public Offering in June 2019 to the Last Practicable Date is shown in Figure 8 below.

On 26 February 2024, being the last trading day prior to the announcement of Prospa entering into the Scheme Implementation Deed with BidCo and HoldCo, the Prospa Share price was \$0.375.

During the six months prior to 26 February 2024, the VWAP per Prospa Share was \$0.33, while the 12-month VWAP per Prospa Share was \$0.341.

During the six month period until 26 February 2024, Prospa made a series of announcements to the ASX, including the results for FY23 on 30 August 2023, and the trading update for the first half of FY24 on 30 January 2024. The VWAPs since those updates were \$0.33 and \$0.358 per Prospa Share respectively.

Figure 8: Daily Prospa Share price from Initial Public Offering in June 2019 to the Last Practicable Date



As the Last Practicable Date, the closing price of Prospa Shares on the ASX was \$0.405. The highest recorded daily closing price of Prospa Shares on the ASX in the previous three months was \$0.425 (on both 22 April 2024 and 13 May 2024) and the lowest recorded daily closing price for Prospa Shares on the ASX in the previous three months was \$0.40 (on 28 May 2024).

3.12 Risks

If the Scheme does not proceed, Prospa Shareholders who continue to hold Shares in Prospa will be exposed to a number of risks and uncertainties associated with the Prospa business. Such risks include changes in the quality or availability of funding, regulatory changes for funders of Prospa's business, Prospa's regulatory and licence compliance, capital and liquidity requirements applicable to Prospa's business, Prospa's credit portfolio performance, Prospa's ability to attract and retain key employees, increased competition in its markets and the general economic environment for small business. One or

¹⁴ AustralianSuper Pty Ltd issued an ASX announcement on 8 September 2023 indicating that its current relevant interest has reduced to 9,487,236 shares and 5.81%. The entirety of that relevant interest is as a result of holding 75.31% voting power on behalf of the Airtree Ventures Opportunity fund and as a result, AustralianSuper does not hold any shares in its own right.

more or a combination of these risks could materially impact the Prospa Group's business, its operating and financial performance and/or the price of Prospa Shares. Further details of these risks are set out in Sections 5.2 and 5.3 which you would carefully review, together with the other information contained in this Scheme Booklet. You should also consult your legal, financial, tax or other professional adviser.

As many of these risks are inherent to the Prospa business, Scheme Shareholders who Elect the Scrip Consideration should be mindful that they will still be exposed to these risk and uncertainties, before voting on the Resolutions.

3.13 Availability of documents relating to Prospa

As an ASX listed company and a 'disclosing entity' under the Corporations Act, Prospa is subject to regular reporting and disclosure obligations. Broadly, these require Prospa to announce price sensitive information to the ASX as soon as it becomes aware of the information (subject to some exceptions). Prospa's most recent announcements are available from its website (<https://investor.prospa.com/investor-centre/>). Further announcements concerning Prospa will continue to be made available on the website after the Last Practicable Date.

The ASX maintains files containing publicly available information about entities listed on its exchange. Prospa's files are available for inspection at the ASX during normal business hours and are available on the ASX website (www.asx.com.au).

Additionally, copies of documents lodged with ASIC in relation to Prospa may be obtained from or inspected at ASIC. Please note ASIC may charge a fee in respect of such services.

The following documents are available on Prospa's website (<https://investor.prospa.com/investor-centre/>):

- the Prospa Constitution;
- Prospa's annual financial report for 2023;
- Prospa's half year financial report for the six months ended 31 December 2023; and
- Prospa's public announcements.

A copy of Prospa's half year financial report for the six months ended 31 December 2023 can also be obtained at no cost from Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time), excluding public holidays, prior to the Scheme being approved by the Court.

4. Profile of BidCo and HoldCo

This Section 4 has been prepared by BidCo. This Section 4 provides information about the BidCo Group and the Consortium, including information relating to how BidCo and the Consortium are funding the Scheme Consideration. The intentions, views and opinions contained in this Section 4 are the responsibility of BidCo. Prospa Group and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

4.1 Overview of the Consortium and BidCo Group

4.1.1 The Consortium

The Consortium comprises a group of investors detailed below who have agreed to work together on an exclusive basis to implement the Scheme. The Consortium has entered into a Consortium Agreement to govern the relationship between the BidCo Group and the Consortium Members for the purposes of progressing, negotiating and implementing the Scheme. The Consortium Members include:

- (i) Salter Brothers Asset Management Pty Ltd ACN 119 833 760 as trustee for Salter Brothers Tech Trust No. 1 (**Salter Brothers Tech Fund**);
- (ii) Tubbin Investments Pty Ltd ACN 107 345 620 as trustee for Ruddock Family Trust (**Tubbin**);
- (iii) GRIM Enterprises Pty Ltd ACN 109 235 823 (**GRIM**);
- (iv) Grangeford Holdings Pty Ltd ACN 624 106 636 as trustee for Grangeford Investment Trust (**Grangeford**); and
- (v) Jaspar Investments Pty Ltd ACN 102 327 462 as trustee for Jaspar Discretionary Family Trust (**Jaspar**).

As at the Last Practicable Date, the Consortium Members hold approximately 4.96% of the currently issued shares in Prospa in the aggregate.

The terms of the Consortium Agreement require the Consortium Members to comply with their obligations under the Equity Commitment Letter (including, for the purpose of funding BidCo's obligation to pay a portion of the Cash Consideration) and provide for the transfer of Prospa Shares held by Tubbin (which includes the Prospa Shares held by Tubbin directly and on bare trust for GRIM, Grangeford and Jaspar) to BidCo on or prior to the end of the Business Day before the Second Court Date (see further Section 4.10). In addition to providing certain Equity Commitments (as detailed in Section 4.6.2) to enable BidCo to meet its obligations under the Scheme, the Consortium Members are also required to co-operate with each other to prepare and provide the relevant assistance and information necessary to Prospa to implement the Scheme, and take all steps necessary to enable HoldCo and BidCo to comply with their obligations under the Scheme Implementation Deed and under law. Further details relating to the debt and equity arrangements for the purposes of funding the Cash Consideration are detailed below in Section 4.6.

The Consortium is led by the Salter Brothers Tech Fund, a newly established fund that identifies and invests in leading, innovative technology companies in Australia and New Zealand that harnesses emerging technology. The fund provides an innovative new wholesale equity offering, adopting a unique and targeted approach to investing in the technology sector. The team is led by Gregg Taylor, and the fund specialises in targeted sectors of technology. Salter Brothers is one of

Australia's leading alternative investment managers with a focus on specialist equity, credit, and property. With gross group assets under management of \$3.356 billion as at 31 December 2023, Salter Brothers creates investment opportunities for high net worth and institutional investors globally. As at 31 January 2024, Salter Brothers has a diverse team of 108 employees, including over 32 investment professionals. Further information about the Salter Brothers Tech Fund is available from its website at: <https://salterbrothers.com.au/techfund/>.

4.1.2 BidCo

Salkbridge Pty Ltd is the legal name of BidCo which is an unlisted special purpose proprietary company that was incorporated in Australia on 23 February 2024, in accordance with the Corporations Act for the purpose of acquiring all the Scheme Shares under the Scheme. BidCo is registered with ASIC with ACN 675 264 356, and has its registered office at Level 32, 264-278 George Street, Sydney, 2000, New South Wales. As at the Last Practicable Date, the directors of BidCo are Neil Broekhuizen, Mathew Kuppe and Gregory Ruddock and the company secretary of BidCo is Gregory Ruddock. Further details of the directors and company secretary are set out in Section 4.1.4, below.

BidCo is a wholly owned subsidiary of HoldCo. If the Scheme becomes Effective, BidCo will hold all the Prospa Shares following the implementation of the Scheme.

Other than entry into the Scheme Implementation Deed and associated documents, including taking any steps contemplated by these documents, BidCo does not have any trading history and has not undertaken any trading activities nor owns any assets and/or liabilities, other than in connection with its incorporation and entry into the transaction documents in connection with the Scheme or such other actions as are necessary to facilitate the Scheme.

4.1.3 HoldCo

PGL HoldCo Limited is the legal name of HoldCo and is a public unlisted company incorporated in Australia on 21 December 2023, in accordance with the Corporations Act for the purpose of holding all of the issued shares in BidCo. HoldCo is currently the ultimate holding company of BidCo. HoldCo is registered with ASIC with ACN 673 816 816, and has its registered office at Level 32, 264-278 George Street, Sydney, 2000, New South Wales. As at the Last Practicable Date, the directors of HoldCo are Neil Broekhuizen, Mathew Kuppe and Gregory Ruddock and the company secretary of HoldCo is Gregory Ruddock. Further details of the directors and the company secretary of HoldCo are set out in Section 4.1.4, below.

Other than entry into the Scheme Implementation Deed and associated documents, including taking any steps contemplated by these documents, HoldCo does not have any trading history and has not undertaken any trading activities nor owns any assets and/or liabilities, other than in connection with its incorporation and entry into the transaction documents in connection with the Scheme or such other actions as are necessary to facilitate the Scheme.

On implementation of the Scheme, HoldCo Shares will be increased by the number of ordinary shares required to be issued, pursuant to the Scheme, to those Scheme Shareholders who are entitled to receive the Scrip Consideration. Further details relating to the Scrip Consideration along with the illustrative percentage ownership of HoldCo following the implementation of the Scheme are detailed in Sections 4.2 and 4.3.

4.1.4 Directors and Company Secretaries of HoldCo and BidCo

The profiles of the directors and company secretary of HoldCo and BidCo as at the Last Practicable Date are set out in the table below. After implementation of the Scheme, HoldCo may supplement or replace these officeholders with additional nominees, pursuant to the right to do so under the HoldCo Shareholders' Deed and the HoldCo Constitution. A summary of the key terms relating to the appointment of directors of HoldCo under the HoldCo Shareholders' Deed are set out in Section 4.8.

(i) Current Directors and Company Secretary

As at the Last Practicable Date, the directors of HoldCo and BidCo are, Gregory Ruddock, Mathew Kuppe and Neil Broekhuizen. The company secretary of HoldCo and BidCo is Gregory Ruddock. The profiles of the directors and company secretary of HoldCo and BidCo are set out in the table below.

Director	Profile
Gregory Ruddock	<p>Gregory is the Joint Chief Executive Officer of Ironbridge and co-leads Investment and Portfolio Management activities with Neil Broekhuizen. Gregory has 25 years of private equity experience with GPEL and Ironbridge.</p> <p>Prior to joining GPEL in 1999, Gregory had 12 years operational experience at leading Australian industrial group Wesfarmers and with diversified listed company Avatar, where he was Managing Director of one of its major subsidiaries.</p> <p>Within the GPEL portfolio, Gregory led the successful development of Electronic Banking Solutions/Cashcard. In 2003, Gregory became one of the Founding Partners of Ironbridge and has led its successful financial and outsourced services investment programme across both Ironbridge Funds.</p> <p>Gregory has sat on the Ironbridge Investment Committee since inception and has represented the Ironbridge Funds on the Boards of Stardex, Super A-mart, EnviroWaste, Easternwell, FleetPartners, BBQs Galore, ISGM, AOS, Judo Capital Limited, Prospa Holdings Limited and manages investments in Allied Credit Pty Ltd and swipejobs Pty Ltd.</p> <p>Gregory qualified as an accountant and holds a Bachelor of Commerce degree from the University of Western Australia and post graduate qualifications from FINSIA.</p>

Mathew Kuppe

Mathew Kuppe was the co-founder of 360T, a leading global foreign exchange marketplace with over 2,600 buy-side customers and more than 200 liquidity providers across 75 different countries. Prior to co-founding 360T, Mathew held numerous technology positions at Deutsche Morgan Grenfell Bank London and Singapore.

Mathew started 360T in Frankfurt, Germany in 2000 as the Chief Technology Officer and lead the early platform development of the business. In 2006, Mathew moved to Singapore to launch 360T's Asia Pacific business and for over 12 years was responsible for the expansion of 360T into 15 countries across the region. Mathew was a member of the Global Executive Board throughout his time at 360T and was a major contributor to the product development strategy of the business.

360T was acquired by the Deutsche Boerse Group in 2015 and in 2018 Mathew repatriated to Australia with his family and continues to be an Advisor to the Global Executive Board of 360T whilst managing his Family Office investments.

Neil Broekhuizen

Neil is the Joint Chief Executive Officer of Ironbridge and co-leads Investment and Portfolio Management activities with Gregory Ruddock. Neil has 30 years of private equity experience, commencing with Investcorp and Bridgepoint in Europe. In 2003, he became one of the founding partners of Ironbridge in Australia, and has led and exited numerous investments on behalf of Ironbridge funds.

Neil qualified as a Chartered Accountant and holds a Bachelor of Science (Eng) Honours degree from Imperial College, London.

(ii) Corporate Governance

The affairs of HoldCo will be regulated under the HoldCo Constitution and the HoldCo Shareholders' Deed set out in Annexure 4 and Annexure 5, respectively. The affairs of BidCo will be governed by the HoldCo Board as a wholly owned subsidiary of HoldCo.

A summary of certain rights attaching to the HoldCo Shares is set out in Section 4.7 and Section 4.8), although this summary is not exhaustive and Scheme Shareholders should read the documents, which are annexed to this Scheme Booklet at Annexure 4, Annexure 5 and Annexure 6, in full.

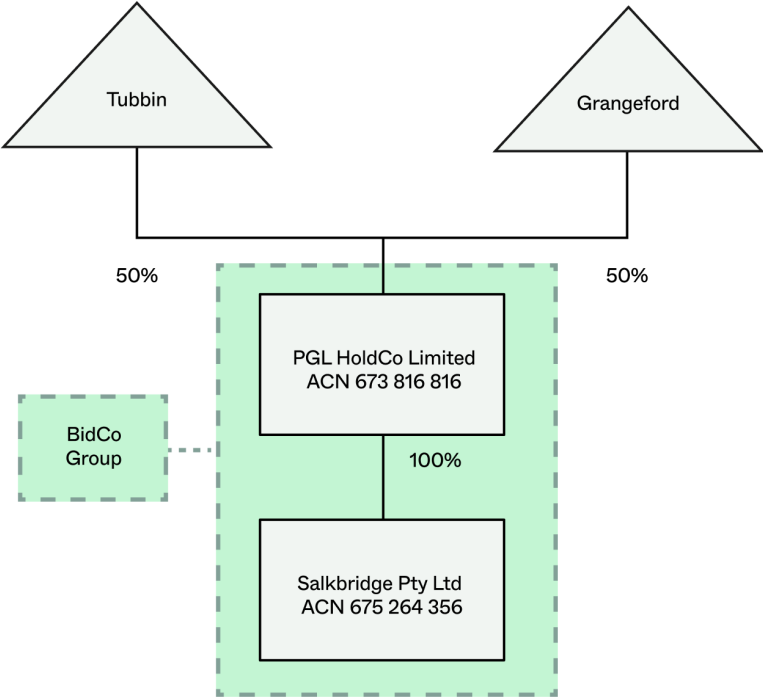
The HoldCo Shares are not, and will not for the foreseeable future, be quoted on any securities exchange. The corporate governance arrangements for HoldCo will differ from those that Prospa currently has in place. After the Implementation Date, HoldCo is likely to adopt an approach to corporate governance appropriate for a closely held unlisted Australian public company limited by shares.

4.1.5 Ownership structure of the BidCo Group

(i) Ownership structure as at the date of the Scheme Booklet

As at the date of the Scheme Booklet, BidCo is a wholly owned subsidiary of HoldCo. The current ownership structure of the BidCo Group is set out in the table below.

Ownership structure of the BidCo Group as at the date of the Scheme Booklet



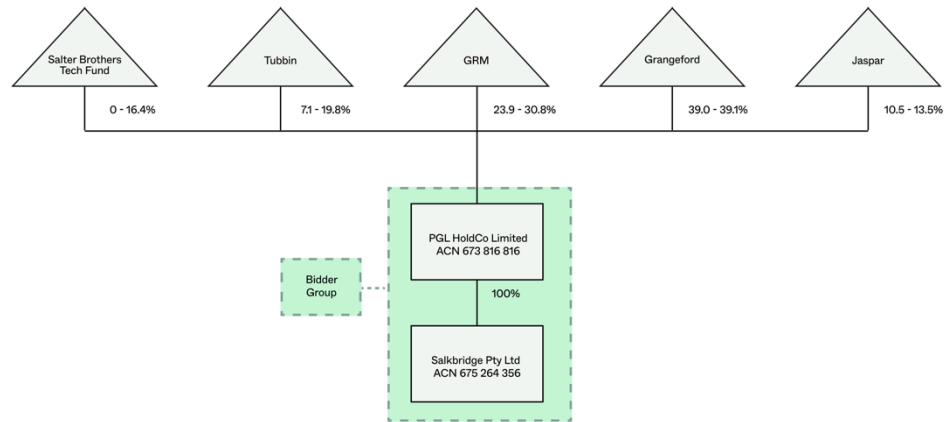
(ii) Ownership structure immediately before implementation of the Scheme

Immediately before the Implementation Date:

- in accordance with the Consortium Agreement, Consortium Members that currently hold Prospa Shares (being Tubbin, Grangeford, GRIM and Jaspar) will transfer their Prospa Shares to BidCo in exchange for HoldCo Shares (in an amount calculated on the same basis as the Scrip Consideration offered to Scheme Shareholders under the Scheme (1 HoldCo Share for every 1 Prospa Share)); and
- the Consortium Members (excluding Tubbin) will upon HoldCo and BidCo’s request, provide the amount of Equity Commitments in accordance with the Equity Commitment Letter to partially fund any Cash Consideration payable to Scheme Shareholders.

The ownership structure of the BidCo Group immediately before the implementation of the Scheme (based on the above assumptions) is set out in the table below.

Ownership structure of the BidCo Group immediately before implementation of the Scheme ^A



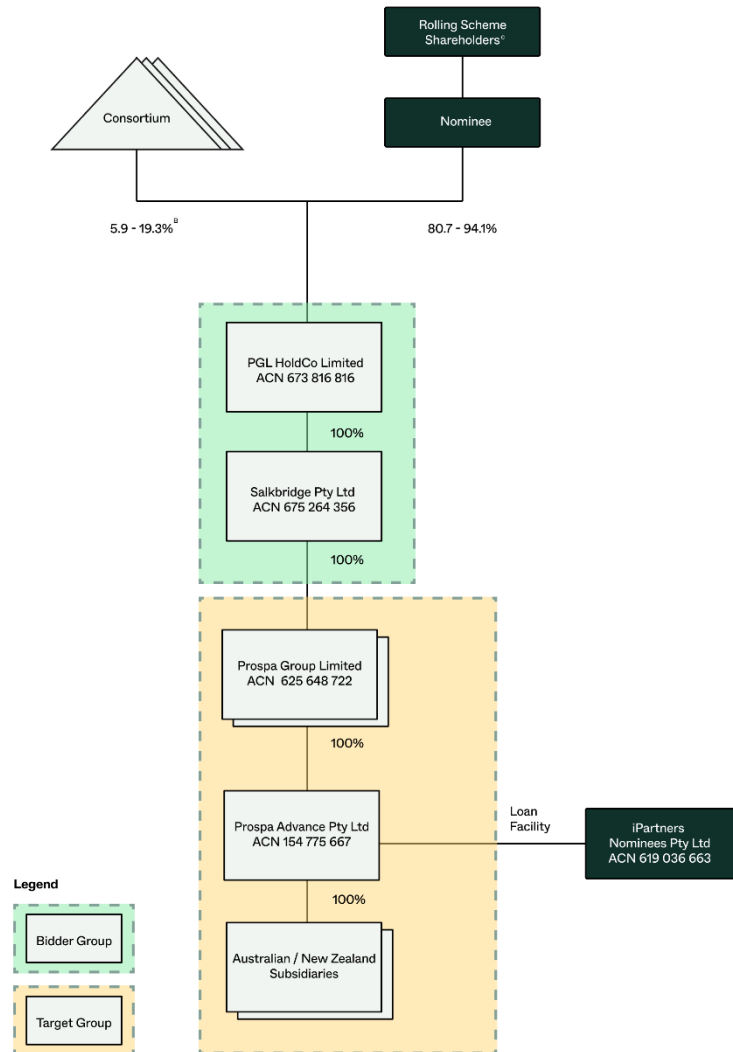
Footnote A: The shareholdings of the Consortium Members in HoldCo immediately prior to implementation of the Scheme will depend on the amount of the Aggregate Cash Consideration payable to Scheme Shareholders (which will be determined once the outcome of Elections is known) and the resulting amount of Equity Commitments each Consortium Member is required to contribute under the Equity Commitment Letter to fund that Aggregate Cash Consideration.

(iii) Ownership structure after implementation of the Scheme

If the Scheme is implemented, an illustrative structure chart of the post-implementation ownership structure of the BidCo Group as at the Implementation Date is set out below.

The number of HoldCo Shares issued to Eligible Prospa Shareholders that make Elections (or are deemed to have made Elections) for the Scrip Consideration will be equal to the number of Prospa Shares that those Eligible Prospa Shareholders hold at the Scheme Record Date. Further information relating to the Scheme Consideration is set out in Section 4.2.

Ownership structure post-implementation of the Scheme



Footnote B: The shareholdings of the Consortium Members in HoldCo immediately prior to implementation of the Scheme will depend on the amount of the Aggregate Cash Consideration payable to Scheme Shareholders (which will be determined once the outcome of Elections is known) and the resulting amount of Equity Commitments each Consortium Member is required to contribute under the Equity Commitment Letter to fund that Aggregate Cash Consideration. Refer to Sections 4.3(c) to (e) for further information on the percentage holding between Consortium Members, and percentage holdings of Consortium Members in HoldCo, on implementation of the Scheme.

Footnote C: A HoldCo Shareholder who would be entitled to hold at least 1,000,000 HoldCo Shares on the Implementation Date or is otherwise an Appointing Beneficiary (defined below in Section 4.8) and has a holding of at least 1,000,000 Beneficial Shares (defined below in Section 4.7.2) in HoldCo registered in its name (on or after the Implementation Date) may, following the provision of written notice (in the form of a Direct Holding Notice) to HoldCo, direct HoldCo to issue the HoldCo Shares to itself (if notice is provided at least 2 Business Days prior to the Implementation Date) or direct the Nominee to transfer legal title to any of its Beneficial Shares to itself (if notice is provided after that time in the form of a Direct Holding Notice), provided such transfer does not result in HoldCo exceeding 50 members).

4.2 Scrip Consideration

Eligible Prospa Shareholders are entitled to make an Election to receive the Scrip Consideration as consideration for all of their Scheme Shares. Further details relating to the Scheme Consideration are set out in Section 4.7.

The Scheme is conditional on the satisfaction or waiver of the Minimum Election Condition Precedent such that Scheme Shareholders make (or are deemed to have made) Elections for Scrip Consideration under the Scheme in respect of their Scheme Shares (together with any Prospa Shares held by an Excluded Shareholder, including the BidCo Group Shareholding) which comprise at least 73.30% of the Prospa Shares on issue at the Scheme Record Date.

If an Eligible Prospa Shareholder makes an Election to receive the Scrip Consideration and assuming the Scheme becomes Effective, HoldCo will issue one New HoldCo Share to that Eligible Prospa Shareholder for every Prospa Share held on the Scheme Record Date. On the Implementation Date the Eligible Prospa Shareholder will be entered into the HoldCo Share Register as a HoldCo Shareholder through a Nominee under the terms of the Nominee Deed as contemplated by the HoldCo Shareholders' Deed unless the Eligible Prospa Shareholder is entitled to and has opted for a Direct Holding of its HoldCo Shares. Upon entry into the HoldCo Share Register, the Eligible Prospa Shareholder will have an indirect interest (or a direct interest if the Eligible Prospa Shareholder is entitled to and has opted for a Direct Holding of its HoldCo Shares) in HoldCo and will be bound by the terms of the HoldCo Constitution and become a party to the HoldCo Shareholders' Deed, and, if applicable, the Nominee Deed.

Further details relating to the HoldCo Shareholders' Deed, the HoldCo Constitution and the Nominee Deed are set out in Section 4.8.

4.3 Illustrative examples of possible HoldCo Capital Structure

The following scenarios are illustrative only of the possible share capital structure of HoldCo after implementation of the Scheme.

Each of these illustrative scenarios is based on a number of assumptions and the actual capital structure of HoldCo after implementation of the Scheme remains subject to the possible outcomes of valid Elections for the Scrip Consideration made by Eligible Prospa Shareholders on or before the Election Time.

(a) Illustrative Scenario 1:

Illustrative HoldCo capital structure - minimum Elections for Scrip Consideration by 73.30% of all Prospa Shareholders (including the Consortium)

HoldCo shareholding	Number (millions)	Percentage (%)
Ordinary shares - Consortium Members <i>(See Footnote D, below)</i>	27.1	19.4
Ordinary shares - Rolling Scheme Shareholders	112.4	80.6
Total	139.5	100.0

Sources and uses

Sources and uses		AUD (millions)
Sources	Cash provided by the Consortium	7.8
	Rolling Scheme Shareholders Aggregate Scrip Consideration	54.3
	Cash provided by cash reserves	15.3
	Total sources of funds	77.4
Uses	Payment of Cash Consideration	19.8
	Rolling Scheme Shareholders Aggregate Scrip Consideration	54.3
	Payment of transactions costs and fees	3.3
	Total uses of funds	77.4

Footnote D: Under this Illustrative Scenario 1, assuming there are Elections for the Scrip Consideration by 73.30% of Prospa Shareholders in satisfaction of the Minimum Election Condition Precedent, on completion of the funding commitments under the Equity Commitment Letter (see Section 4.6.2, below) and the transfer of Prospa Shares held by Tubbin to BidCo under the Consortium Agreement in consideration for HoldCo Shares, the HoldCo Shares will be held, immediately after implementation of the Scheme, by the Consortium Members in the proportions set out in the table below.

Consortium Member	HoldCo Shares	Percentage holding between Consortium Members (%)	Percentage holding of Consortium Members in HoldCo (%)
Grangeford	10,614,209	39.1	7.5
GRIM	6,480,876	23.9	4.6
Salter Brothers Tech Fund	4,444,444	16.4	3.2
Jaspar	3,648,472	13.5	2.6
Tubbin	1,933,611	7.1	1.4
Total	27,121,612	100.0	19.4

(b) **Illustrative Scenario 2:**
Illustrative HoldCo capital structure - Elections for Scrip Consideration by 85% of Prospa Shareholders (including the Consortium)

HoldCo shareholding	Number (millions)	Percentage (%)
Ordinary shares - Consortium Members (See Footnote E, below)	27.1	17.1
Ordinary shares - Rolling Scheme Shareholders	131.7	82.9
Total	158.8	100.0

Sources and uses

Sources and uses		AUD (millions)
Sources	Cash provided by the Consortium	7.8
	Rolling Scheme Shareholders Aggregate	62.9
	Scrip Consideration	
	Cash provided by cash reserves	6.6
Total sources of funds		78.1
Uses	Payment of Cash Consideration	11.1
	Rolling Scheme Shareholders Aggregate	62.9
	Scrip Consideration	
	Payment of transactions costs and fees	3.3
Total uses of funds		78.1

Footnote E: Under this Illustrative Scenario 2, assuming there are Elections for the Scrip Consideration by 85% of Prospa Shareholders in satisfaction of the Minimum Election Condition Precedent, upon completion of the funding commitments under the Equity Commitment Letter (see Section 4.6.2, below) and the transfer of Prospa Shares held by Tubbin to BidCo under the Consortium Agreement in consideration for HoldCo Shares, the HoldCo Shares will be held, immediately after implementation of the Scheme, by the Consortium Members in the proportions set out in the table below.

Consortium Member	HoldCo Shares	Percentage holding between Consortium Members (%)	Percentage holding of Consortium Members in HoldCo (%)
Grangeford	10,614,209	39.1	6.7
GRIM	6,480,876	23.9	4.1
Salter Brothers Tech Fund	4,444,444	16.4	2.8
Jaspar	3,648,472	13.5	2.3
Tubbin	1,933,611	7.1	1.2
Total	27,121,612	100.0	17.1

- (c) **Illustrative Scenario 3:**
Illustrative HoldCo capital structure - Maximum Elections for Scrip Consideration by 100% of Prospa Shareholders (including the Consortium)

HoldCo shareholding	Number (millions)	Percentage (%)
Ordinary Shares - Consortium Members (See Footnote F, below)	9.8	5.9
Ordinary Shares - Rolling Scheme Shareholders	156.4	94.1
Total	166.1	100.0

Sources and uses

Sources and uses		AUD (millions)
Sources	Cash provided by the Consortium	0.0
	Rolling Scheme Shareholders Aggregate	74.0
	Scrip Consideration	
	Cash provided by cash reserves	3.3
Total sources of funds		78.1
Uses	Payment of Cash Consideration	0.0
	Rolling Scheme Shareholders Aggregate	74.0
	Scrip Consideration	
	Payment of transactions costs and fees	3.3
Total uses of funds		78.1

Footnote F: Under this Illustrative Scenario 3, assuming there are Elections for the Scrip Consideration by 100% of Prospa Shareholders in satisfaction of the Minimum Election Condition Precedent, upon completion of the transfer of Prospa Shares held by Tubbin to BidCo under the Consortium Agreement in consideration for HoldCo Shares, the HoldCo Shares will be held, immediately after implementation of the Scheme, by the Consortium Members in the proportions set out in the table below.

Consortium Member	HoldCo Shares	Percentage holding between Consortium Members (%)	Percentage holding of Consortium Members in HoldCo (%)
Grangeford	3,800,000	39.0	2.3
GRIM	3,000,000	30.8	1.8
Jaspar	1,021,718	10.5	0.6
Tubbin	1,933,611	19.8	1.2
Total	9,755,329	100.0	5.9

4.3.1 Illustrative percentage shareholdings

The table below shows illustrative percentage shareholdings in HoldCo for Rolling Scheme Shareholders relative to their current shareholdings in Prospa, based on Illustrative Scenario 1, Illustrative Scenario 2 and Illustrative Scenario 3 detailed above.

In summary:

- Under Illustrative Scenario 1, a Rolling Scheme Shareholder will receive a 1.1692% shareholding in HoldCo for every 1% shareholding in Prospa;
- Under Illustrative Scenario 2, a Rolling Scheme Shareholder will receive a 1.0360% shareholding in HoldCo for every 1% shareholding in Prospa; and
- Under Illustrative Scenario 3, a Rolling Scheme Shareholder will receive a 0.9904% shareholding in HoldCo Share for every 1% shareholding in Prospa.

Illustrative percentage shareholdings in HoldCo capital structure for Rolling Scheme Shareholders in Illustrative Scenario 1, Scenario 2 and Scenario 3 detailed above

Percentage shareholding in Prospa (%)	Number of Prospa Shares	Percentage shareholding in HoldCo for Rolling Scheme Shareholders (%)		
		Scenario 1	Scenario 2	Scenario 3
1.0	1,645,158	1.18	1.04	0.99
5.0	8,225,791	5.89	5.18	4.95
10.0	16,451,583	11.79	10.36	9.90
20.0	32,903,165	23.58	20.72	19.81
30.0	49,354,748	35.37	31.08	29.71
40.0	65,806,330	47.15	41.44	39.61
50.0	82,257,913	58.94	51.80	49.52

4.3.2 Pro forma balance sheets of HoldCo

The pro forma consolidated balance sheets set out below have been provided to illustrate the impact on the consolidated balance sheet of HoldCo of the Scheme being approved and implemented under Scenarios 1 to 3. The assumptions used in the preparation of Scenarios 1 to 3, in particular the number of Elections for the Scrip Consideration in each scenario are as set out in Sections 4.3(a) to 4.3(c).

As HoldCo was incorporated on 21 December 2023, and has no current business operations, they have been prepared using, as a basis, Prospa's historical balance sheet as extracted from their auditor reviewed half year financial report as at 31 December 2023 ('Half Year Report'), shown in Section 3.6, and assuming:

- the Scheme was implemented on 31 December 2023; and
- the new capital structure was in place (new debt and equity) on 31 December 2023.

A copy of Prospa's Half Year Report can be found on Prospa's website at www.prospa.com and was reviewed by Deloitte Touche Tohmatsu in accordance with the ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity.

Unless otherwise stated, all amounts disclosed in this Section 4.3.2 are rounded to the nearest million and are stated in Australian Dollars, which will be HoldCo's functional and presentational currency following implementation of the Scheme.

As HoldCo currently expects to continue with the same accounting policies as Prospa's existing accounting policies, no adjustments are necessary to the pro forma consolidated financial information to align accounting policies.

The pro forma consolidated balance sheets of HoldCo in Scenarios 1 to 3 have been prepared solely for the purpose of inclusion in this Scheme Booklet and are provided for illustrative purposes only. The pro forma balance sheets of HoldCo for Scenarios 1 to 3 in this section:

- are presented in an abbreviated form and do not include all of the disclosures, statements or comparative information that is usually provided in an annual report under the Corporations Act;
- should be read in conjunction with the accounting policies of Prospa, the risk factors in Section 5, the funding of the Scheme Consideration in Section 2.9, Prospa's statutory historical consolidated financial information in Section 3.6 and other information in this Scheme Booklet;
- are not suggestive of likely, actual or prospective financial position of HoldCo (Scheme Shareholders should note that past results do not guarantee future performance); and
- are subject to risks and uncertainties that may result in HoldCo's future financial position and financial performance being different to the pro forma position and performance shown below.

\$ Millions	Prospa	HoldCo consolidated pro forma		
	historical balance sheet as at 31 Dec 2023	balance sheet as at 31 Dec 2023		
Assets	Prospa	Scenario 1	Scenario 2	Scenario 3
Cash and cash equivalents (1)	117.2	101.7	109.9	113.2
Bank deposits	1.4	1.4	1.4	1.4
Loan receivables	715.1	715.1	715.1	715.1
Other financial assets	1.0	1.0	1.0	1.0
Derivative financial assets	-	-	-	-
Prepayments and other assets	3.3	3.3	3.3	3.3
Property, plant and equipment	-	-	-	-
Right-of-use assets	4.7	4.7	4.7	4.7
Intangible assets	-	-	-	-
Deferred tax assets	36.0	36.0	36.0	36.0
Fair Value Adjustment (2)	N/A	(26.8)	(26.8)	(26.8)
Total assets	878.8	836.5	844.6	847.9

Liabilities				
Trade and other payables	5.5	5.5	5.5	5.5
Current tax liabilities	-	-	-	-
Employee benefits	8.1	8.1	8.1	8.1
Lease liabilities	6.0	6.0	6.0	6.0
Borrowings	757.8	757.8	757.8	757.8
Derivative	0.5	0.5	0.5	0.5
Total liabilities	778.0	778.0	778.0	778.0
Net assets	100.8	58.5	66.7	69.9
Equity				
Issued capital (3)	610.9	62.1	70.7	74.0
Reserves (4)	(414.5)	-	-	-
Retained earnings (5)	(95.6)	(3.3)	(3.3)	(3.3)
Total equity	100.8	58.5	67.4	70.7

The pro forma adjustments to the balance sheets in Scenarios 1 to 3 include the following:

- **Cash and Cash Equivalents:** An adjustment has been made to recognise the payment of costs and fees associated with the implementation of the Scheme and the payment of the Aggregate Cash Consideration, net of the Equity Commitments provided by the Consortium. The cash usage is different for each scenario and is shown in the table below.

\$Millions	Scenario 1	Scenario 2	Scenario 3
Transaction costs and fees	3.3	3.3	3.3
Payment of Cash Consideration	19.8	11.1	Nil
(Less) Equity Commitments	(7.8)	(7.8)	Nil
Net Cash Usage	15.3	6.6	3.3

- **Fair Value Adjustment:** An adjustment has been made to recognise the difference between the offer valuation and the net asset value of Prospa as at 31 December 2023. The fair value adjustment will need to be made to specific Prospa assets after implementation of the Scheme. However, the impact of fair value accounting cannot be accurately determined for individual Prospa assets at this time, as a formal purchase price allocation exercise has not been carried out. If the Scheme is implemented, a formal purchase price allocation exercise will be carried out as at the date of implementation of the Scheme which will ascertain the fair value of Prospa's assets, liabilities and contingent liabilities as well as the fair value of the consideration offered. For the purposes of the pro forma balance sheets, the fair value adjustment has been shown as a separate line item.
- **Issued capital:** An adjustment has been made to recognise the elimination of Prospa issued capital on consolidation with HoldCo, and the issuance of HoldCo Shares to:
 - Eligible Prospa Shareholders who accept HoldCo Shares as the Scrip Consideration; and
 - the Consortium for their Equity Commitments in accordance with the Equity Commitment Letter.

The issued capital is different for each scenario as explained in the table below.

\$Millions	Scenario 1	Scenario 2	Scenario 3
Initial share capital in HoldCo ⁽ⁱ⁾	0.0	0.0	0.0
HoldCo Shares issued to the Consortium for their Equity Commitments	7.8	7.8	0.0
HoldCo Shares issued to Eligible Prospa Shareholders for their Prospa Shares	54.3	62.9	74.0
Total issued capital	62.1	70.7	74.0

Note (i): Initial share capital is \$16,000, comprising 1,600,000 HoldCo Shares.

- **Reserves:** An adjustment has been made to eliminate the existing Prospa reserves on consolidation with HoldCo.
- **Retained earnings:** An adjustment has been made to eliminate the existing Prospa retained earnings on consolidation with HoldCo, and to reduce HoldCo retained earnings by the amount of costs and fees related to the Scheme.

4.3.3 Features of Rolling Scheme Shareholders

On implementation, Rolling Scheme Shareholders will become bound by the HoldCo Constitution and the HoldCo Shareholders Deed, and where applicable the Nominee Deed, with their HoldCo Shares registered in the name of the Nominee in accordance with the terms of the Nominee Deed (unless a Rolling Scheme Shareholder is entitled to and has opted for a Direct Holding of its HoldCo Shares).

A summary of certain rights relating to HoldCo Shares under the HoldCo Constitution, HoldCo Shareholders' Deed and Nominee Deed is set out in Section 4.8. The HoldCo Constitution, HoldCo Shareholders' Deed and Nominee Deed have been provided at Annexure 4, Annexure 5 and Annexure 6, respectively.

HoldCo Shares will be regulated differently from Prospa Shares in particular because, following implementation of the Scheme:

- HoldCo will not be admitted to the official list of the ASX;
- the Listing Rules will not apply to HoldCo;
- a Rolling Scheme Shareholder will have their HoldCo Shares held by the Nominee (unless a Rolling Scheme Shareholder is entitled to and has opted for a Direct Holding of its HoldCo Shares); and
- the continuous disclosure requirements, takeover regime (for so long as HoldCo does not have more than 50 members) and certain other minority protection rights currently relevant to Prospa will not apply to HoldCo.

Further information about the risks relating to HoldCo Shares are set out in Section 5.4.

4.4 Regulatory regime applicable to HoldCo Shares

A different regulatory regime will apply to Rolling Scheme Shareholders as holders of HoldCo Shares as compared to the existing holders of Prospa Shares. HoldCo Shares will be issued to Eligible Prospa Shareholders who make an Election to receive the Scrip Consideration (with these HoldCo Shares to be held by the Nominee (unless a Rolling Scheme Shareholder is entitled to and has opted for a Direct Holding of its HoldCo Shares)), assuming the Scheme becomes Effective.

Following implementation of the Scheme, HoldCo is, and will be, an unlisted public company with fewer than 50 shareholders and neither the Listing Rules nor Australia's takeover regime under the Corporations Act will apply.

The effect is that certain investor protections currently available to Prospa Shareholders in respect of their Prospa Shares under the Listing Rules and Chapter 6 of the Corporations Act will not apply to HoldCo Shareholders.

A non-exhaustive summary of some of the types of investor protections that will no longer apply to Rolling Scheme Shareholders is set out in the table below.

Protections for Prospa Shareholders applicable to Prospa and Prospa Shares		Summary of lost protections relating to Prospa Shares following implementation of Scheme
Continuous Disclosure (Listing Rules – Chapter 3)	Chapter 3 of the Listing Rules contains obligations on listed entities to immediately disclose material price sensitive information to the market.	Neither HoldCo nor BidCo will have an obligation to disclose material price sensitive information following implementation of the Scheme.
Securities (Listing Rules – Chapter 6)	Chapter 6 of the Listing Rules provides that each class of equity security must be appropriate and equitable in the ASX's view. It also provides protections in relation to voting rights of holders of ordinary shares.	The terms of the HoldCo Shares are not subject to ASX's approval.

Changes in capital and share issues (Listing Rules – Chapter 7)

Chapter 7 of the Listing Rules requires issuers who issue more than 15% of a listed entity's capital in a 12-month period to seek security holder approval, subject to certain exceptions. It also imposes limits on the ability of listed entities to issue shares under a rights issue, dividend or distribution plan or during a takeover unless prescribed conditions are met.

Holders of HoldCo Shares may be diluted without the approval of HoldCo Shareholders at a general meeting. However, issues or grants of HoldCo Shares during the previous 12 month period representing more than 10% of HoldCo's issued capital will require prior special majority HoldCo Shareholder approval. See Section 4.8 below for further information.

Transactions with persons of influence (Listing Rules – Chapter 10)

Chapter 10 of the Listing Rules imposes restrictions on persons in a position of influence, such as related parties, a subsidiary or a substantial holder, from entering into certain transactions with the listed entity unless certain conditions are met. In prescribed cases, transactions of this nature will require shareholder approval.

Under the terms of the HoldCo Shareholders' Deed, transactions between HoldCo, Prospa Shareholders and/or their related parties may not require shareholder approval for any related party transactions, unless shareholder approval would be required for a 'related party transaction (as that term is defined in Chapter 2E of the Corporations Act), pursuant to Chapter 2E of the Corporations Act, in which case a special majority of HoldCo Shareholder approval will be required. See Section 4.8 for further information.

Significant transactions (Listing Rules – Chapter 11)

Chapter 11 of the Listing Rules requires a listed entity to obtain the approval of shareholders in certain circumstances (and where required by the ASX) if it proposes to make a significant change to the nature or scale of its activities.

A significant change to the nature or scale of the operations of HoldCo and/or Prospa will not require HoldCo Shareholder approval under the Listing Rules. However, certain matters for HoldCo Shareholders relating to the change in capital, operation and management of the business will require special majority HoldCo Shareholder approval. See Section 4.8 below for further information.

**Takeovers
(Corporations Act –
Chapter 6)**

Chapter 6 of the Corporations Act sets out Australia's takeover regime. This regime is supplemented by ASIC regulatory guides and guidance notes issued by the Takeovers Panel.

This Chapter 6 also prohibits a person from acquiring relevant interests in a listed company's shares where it would have the effect of causing the person's or someone else's voting power in the company to increase from 20% or below to above 20% or from a starting point of above 20% and below 90% unless an exception, such as a takeover bid or scheme of arrangement, applies.

The takeover regime in Chapter 6 contains a range of rules designed to provide investors with sufficient time and detailed disclosure requirements relating to a takeover bid so that they may assess the offer put to them by the bidder.

In addition, the takeover regime in Chapter 6 includes rules designed to provide for shareholders in a company which is the subject of a takeover to have an equal opportunity to participate in the offer and any takeover premium offered by the bidder.

A person may acquire control of HoldCo, BidCo or Prospa in a manner that would have not been permitted had Chapter 6 of the Corporations Act applied, for example without making a takeover bid or proposing a scheme of arrangement.

A person may acquire control of HoldCo, BidCo or Prospa in circumstances where less information was disclosed to HoldCo Shareholders or where less time was given to them to assess the offer put to them about the control transaction, than would have been permitted had Chapter 6 of the Corporations Act applied.

A person may acquire control of HoldCo, BidCo or Prospa in a manner that does not give shareholders equal opportunity to participate in the offer and any takeover premium offered by the bidder.

4.5 Scheme Consideration

4.5.1 Scheme Consideration

As detailed in Section 2, the Scheme contemplates the acquisition of all the Prospa Shares by BidCo on the Implementation Date. Under the Scheme, assuming the Scheme becomes Effective, Eligible Prospa Shareholders who have made (or are deemed to have made) a valid Election are entitled to receive the Scrip Consideration and will receive all of their Scheme Consideration as the Scrip Consideration for their Scheme Shares or alternatively may elect to receive Cash Consideration in respect of all their Scheme Shares held as at the Scheme Record Date.

Further details of the Scheme Consideration set out in Section 2.4.

4.5.2 Aggregate Cash Consideration

Based on the number of Scheme Shares on issue as at the Last Practicable Date, assuming the Scheme becomes Effective, the maximum theoretical amount of Cash Consideration that BidCo may be required to pay to Scheme Shareholders under the Scheme is approximately \$19.8 million (**Aggregate Cash Consideration**), (assuming the Scheme Consideration is 26.7% Cash Consideration and 73.3% Scrip Consideration is issued to satisfy the Minimum Election Condition Precedent), although the amount may be less to the extent that the percentage in the Minimum Election Condition Precedent is exceeded by Eligible Prospa Shareholders electing to receive the Scrip Consideration.

4.5.3 Scrip Consideration and Conditions Precedent

(i) Scrip Consideration

BidCo and HoldCo have entered into a Deed Poll with Prospa dated 6 June 2024 to covenant in favour of the Scheme Shareholders to perform their respective obligations in relation to the Scheme. This includes obligations to procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with the terms of the Scheme, and obligations to issue or procure the issue of the Scrip Consideration which are the subject of valid Elections by the Scheme Shareholders under the terms of the Scheme. The maximum amount of HoldCo Shares that would be issued by HoldCo (on the assumption that every Eligible Prospa Shareholder made a valid Election to receive all Scrip Consideration) is approximately 166.1 million HoldCo Shares. See certain illustrative scenarios for the Scrip Consideration in Section 4.3.

(ii) Conditions Precedent

Assuming the Scheme becomes Effective, Scheme Shareholders who receive the Scrip Consideration under the Scheme will become parties to the HoldCo Shareholders' Deed as a HoldCo Shareholder. The Consortium Members will also subscribe for HoldCo Shares to partially fund the Cash Consideration (in accordance with the Equity Commitment Letter) and other amounts with the remainder of the Cash Consideration and such other amounts being funded through the iPartners Facility. See Section 4.6 for further details relating to debt funding. See Section 2.3 for further details about the Conditions Precedent of the Scheme.

The HoldCo Shares issued as the Scrip Consideration under the Scheme will be fully paid ordinary shares in HoldCo and will rank equally with each other and the existing HoldCo Shares on issue at the Implementation Date. HoldCo will appoint a Nominee to hold the HoldCo Shares on bare trust for each Rolling Scheme Shareholder as an Appointing Beneficiary (excluding the Consortium Members and a Rolling Scheme Shareholder who is

entitled to and has opted for a Direct Holding of its HoldCo Shares) pursuant to the terms of the Scheme Implementation Deed, the HoldCo Shareholders' Deed and a Nominee Deed to be entered into between HoldCo, the Nominee and each Appointing Beneficiary from time to time. A copy of the HoldCo Shareholders' Deed and Nominee Deed are provided at Annexure 5 and Annexure 6, respectively.

4.5.4 Reasonable Basis

Based on the arrangement described in Section 4.5.3 above and assuming the satisfaction of the Minimum Election Condition Precedent and assuming the Scheme becomes Effective, BidCo believes it has reasonable grounds for holding the view and holds the view that BidCo will be able to satisfy its obligations to fund the Scheme Consideration as and when it is due and payable under the terms of the Scheme. Accordingly, BidCo does not have in place, nor does it believe it requires alternative sources of funding to provide the Scheme Consideration.

4.5.5 Ineligible Foreign Shareholder

Ineligible Foreign Shareholders will only be entitled to receive Cash Consideration under the Scheme. Refer to section 2.10 of the Scheme Booklet.

4.6 Funding the Aggregate Cash Consideration

4.6.1 Cash funding arrangements

If the Scheme is implemented, BidCo intends to fund the Aggregate Cash Consideration for the Scheme through a combination of:

- equity funding sourced from the Consortium, in accordance with an Equity Commitment Letter by and among the BidCo Group, GRIM, Grangeford, Jaspar and Salter Brothers Tech Fund (together, GRIM, Grangeford, Jaspar and Salter Brothers Tech Fund are the **Equity Investors** and each an **Equity Investor**), as set out in Section 4.6.2 below; and
- debt funding in the form of the iPartners Funding, as detailed in Section 4.6.3 below.

4.6.2 Equity Funding

The Equity Commitment Letter together with the iPartners Funding will be sufficient to fund the Aggregate Cash Consideration pursuant to the terms and conditions of the Scheme Implementation Deed. The Equity Investors providing the equity funding to HoldCo to enable BidCo to meet its obligations to fund the Cash Consideration under the Scheme will be severally responsible for providing their relevant proportions of the equity funding with an aggregate amount of \$7,814,827 being provided to HoldCo, as set out in the Equity Commitment Letter.

Under the terms of the Equity Commitment Letter, the Equity Investors must:

- Pay to HoldCo their relevant portion of the equity commitment, by way of subscribing for fully paid ordinary shares in HoldCo at an issue price of \$0.45 per share, in such amounts as are necessary to meet BidCo's obligations to fund the Cash Consideration under the Scheme (**Equity Commitment**); and
- cause HoldCo to contribute the Equity Commitment to BidCo in sufficient time to allow BidCo to pay, to the extent necessary, the amount of Cash Consideration necessary to meet BidCo's obligations, in accordance with the Scheme.

The amount available under the Equity Commitment may only be used for the purposes of BidCo meeting its obligations to pay:

- part of the Cash Consideration under the Scheme; and
- the Reverse Reimbursement Fee,

in each case, when and if those obligations become due in accordance with the relevant obligations of the BidCo Group.

The obligation on the Equity Investors to provide the Equity Commitment for the purpose of BidCo paying part of the Cash Consideration under the Scheme is conditional on the satisfaction or waiver (as applicable) of each of the conditions of the Scheme Implementation Deed.

Each Equity Investor must provide its relevant portion of the Equity Commitment except where conditions are not satisfied or where the Equity Commitment Letter is terminated in accordance with its terms. If the Scheme is not implemented, or for any reason the Scheme terminates in accordance with the terms of the Scheme Implementation Deed, the Equity Commitment will be reimbursed to HoldCo under the terms of the Equity Commitment Letter. In the event that the full amount of the Equity Commitment is not necessary to pay the Aggregate Cash Consideration on the terms subject to the conditions of the Scheme Implementation Deed and the Equity Commitment Letter, the Equity Commitment will be reduced on a pro-rata basis applicable to each Equity Investor as required by HoldCo. As at the Implementation Date, each Equity Investor has or will have access to existing cash reserves or unconditional committed funds available to it (and not otherwise allocated, committed, intended or expected to be used for any purposes other than to fund its portion of the Equity Commitment, or if applicable, the Reverse Reimbursement Fee Commitment) at least equal to the amount of its portion of the Equity Commitment to fulfill its obligations under the Equity Commitment Letter.

The Equity Investors (except for the Salter Brothers Tech Fund) are additionally obligated to provide the Equity Commitment to enable HoldCo and BidCo to pay the Reverse Reimbursement Fee Commitment to the extent that the Reverse Reimbursement Fee Commitment is payable by HoldCo and BidCo under the Equity Commitment Letter and the Scheme Implementation Deed.

4.6.3 iPartners Funding

As described in Section 2.6, under the terms and conditions of the Inter-Company Loan Agreement, Prospa OpCo has agreed to on-lend up to \$12 million sourced from Prospa's existing debt financing facility with iPartners to BidCo to fund part of the Aggregate Cash Consideration, subject to the Resolutions being approved. The OpCo Contribution is being sourced from an earlier drawdown of the Prospa OpCo Facility.

The proceeds used to fund the OpCo Contribution under the Inter-Company Loan Agreement are subject to the following:

- Prospa and iPartners entering into binding documentation:
 - to allow up to \$12,000,000 in funds drawn under the Prospa OpCo Facility Agreement to be on-lent to BidCo pursuant to the Inter-Company Loan Agreement;
 - document iPartners' consent to the change of control arising from the implementation of the Scheme; and
 - document iPartners' undertaking to forbear from enforcing any of its rights under the Prospa OpCo Facility Agreement and other 'Finance Documents' (including

acceleration of the ‘Secured Moneys’) in respect of any ‘Event of Default’ or ‘Review Event’ (as each capitalised term in the preceding sentence is defined in the Prospa OpCo Facility Agreement) under the Prospa OpCo Facility Agreement in the period from (and including) the Business Day prior to the Second Court Date until (and including) the Implementation Date.

The binding documentation has been entered into as at the Last Practicable Date;

- the Scheme becoming Effective; and
- the approval of a resolution of the requisite majority of Scheme Shareholders approving the giving of financial assistance by Prospa to BidCo for the purposes of section 260A(1)(b) and section 260B of the Corporations Act.

The aggregate amount of the OpCo Contribution and the Equity Commitment is sufficient to fund the Aggregate Cash Consideration.

4.7 Overview of rights attaching to HoldCo Shares

4.7.1 Overview of features of HoldCo Shares to be received as Scrip Consideration

Holders of HoldCo Shares will be subject to certain restrictions which include restrictions regarding shareholder approvals, director appointment rights, exit rights and restraints. Furthermore, any dividends will be at the sole discretion of the HoldCo Board, having regard to the capital requirements (as well as the debt financing arrangements) of the BidCo Group. A summary of the HoldCo Shareholders’ Deed and significant rights and obligations attaching to HoldCo Shares is set out in Section 4.7. The summary is not exhaustive and should be read subject to the full terms of the HoldCo Constitution, HoldCo Shareholders’ Deed and where applicable the Nominee Deed, which are included in Annexure 4, Annexure 5 and Annexure 6, respectively.

As previously mentioned in Section 4.4, Scheme Shareholders should note that their investment in HoldCo will be regulated differently to their investment in Prospa because HoldCo will not be admitted to the ASX and therefore the Listing Rules will not apply to HoldCo Shares. Specifically, a consequence of the change in regulatory regimes means that, subject to certain conditions, the continuous disclosure rules, takeover regime, and certain minority protection rights relevant to Prospa will not apply to HoldCo. Material differences between the rights and obligations of a shareholder in an ASX listed company such as Prospa compared to a shareholder in HoldCo are explained in Section 4.4. Because HoldCo will not be admitted to the list of a stock exchange, there will be no active market for the sale of HoldCo Shares and Scheme Shareholders who receive HoldCo Shares under the Scheme will only be able to sell or transfer their HoldCo Shares in certain limited circumstances as permitted under the HoldCo Shareholders’ Deed. HoldCo Shareholders will have access to substantially less information and reports about the Prospa Group than Prospa Shareholders currently receive.

4.7.2 Nominee arrangements

It is a requirement under the HoldCo Shareholders’ Deed that HoldCo has no more than 50 shareholders. To give effect to this requirement, HoldCo intends to appoint the Nominee, who is an independent third-party trustee to hold the HoldCo Shares on bare trust for Rolling Scheme Shareholders (unless a Rolling Scheme Shareholder is entitled to and has opted for a Direct Holding of its HoldCo Shares) in accordance with the terms of the HoldCo Shareholders’ Deed and the Nominee Deed (**Beneficial Shares**).

The intention of the nominee arrangements is that the Rolling Scheme Shareholders will have the rights set out in the HoldCo Shareholders' Deed, as if the Rolling Scheme Shareholder were holding the HoldCo Shares directly, even though legal title to their HoldCo Shares are held by the Nominee (unless a Rolling Scheme Shareholder is entitled to and has opted for a Direct Holding of its HoldCo Shares, in which case the HoldCo Shareholders' Deed will apply directly to that Rolling Scheme Shareholder).

Under the terms of the HoldCo Shareholders' Deed, a HoldCo Shareholder who would be issued at least 1,000,000 HoldCo Shares on the Implementation Date or otherwise holds at least one million (1,000,000) HoldCo Shares through the Nominee as an Appointing Beneficiary on and after the Implementation Date when aggregated with HoldCo Shares registered in its name (if any), may, following written notice to HoldCo (and provided that HoldCo has public company status in accordance with clause 16.2 of the HoldCo Shareholders' Deed) direct HoldCo to issue the HoldCo Shares to itself (if notice is provided at least 2 Business Days prior to the Implementation Date) or direct the Nominee to transfer legal title of their Beneficial Shares to the Appointing Beneficiary (if notice is provided after that time), provided such transfer does not result in HoldCo exceeding 50 members.

Beneficial Shares that are held by the Nominee will continue to have the benefit of, and be bound by, all the provisions of the HoldCo Constitution and the HoldCo Shareholders Deed which would have otherwise applied to them had they held legal title to their HoldCo Shares directly. The holders of Beneficial Shares are not permitted to undertake any action, or omit to take any action (including actions through the Nominee) that would breach any of the obligations under the HoldCo Shareholders' Deed or Nominee Deed.

The HoldCo Shareholders' Deed and Nominee Deed are attached at Annexure 5 and Annexure 6 respectively.

4.8 Summary of certain rights relating to HoldCo Shares: HoldCo Shareholders' Deed, HoldCo Constitution and Nominee Deed

A summary of certain rights attaching to the HoldCo Shares is set out in the table below. This summary is not exhaustive and Eligible Prospa Shareholders considering whether to make valid Elections to receive Scrip Consideration should carefully read and understand the terms of the HoldCo Shareholders' Deed, the HoldCo Constitution and the Nominee Deed.

To the extent that there is any inconsistency with the HoldCo Shareholders' Deed and HoldCo Constitution, the HoldCo Shareholders' Deed prevails.

Summary of certain rights relating to HoldCo Shares: HoldCo Shareholders' Deed, HoldCo Constitution and Nominee Deed

Topic	Overview	Summary of current rights as a Prospa Shareholder and impact of the Scheme as a Rolling Scheme Shareholder on these rights
General		
Issue and ranking	<p>The HoldCo Shares will be issued as fully paid ordinary shares in accordance with the terms of the Scheme and will rank equally in all respects with all other HoldCo Shares on issue, unless otherwise provided for in the HoldCo Shareholders' Deed.</p> <p>For further details, see Part 2 of Schedule 3 paragraph (l) of the Scheme Implementation Deed and section 5.9 of the Scheme attached at Annexure 2.</p>	<p>Prospa Shareholders currently hold fully paid ordinary shares that rank equally with each other fully paid ordinary share on issue.</p> <p>There is no additional class of share on issue in Prospa (e.g. preference shares) which ranks ahead of, or has rights in addition to, those Prospa Shareholders.</p>
Variation of HoldCo Share rights	<p>Whilst Scheme Shareholders (who have elected to receive the Scrip Consideration pursuant to the Scheme) will have their HoldCo Shares held on bare trust by the Nominee (Appointing Beneficiaries each an Appointing Beneficiary), the Consortium and a Rolling Scheme Shareholder who is entitled to and has opted for a Direct Holding of its HoldCo Shares will hold their HoldCo Shares directly in their own right.</p> <p>All holders of HoldCo Shares, including the Appointing Beneficiaries will be bound by the rights and obligations under the HoldCo Shareholders' Deed and the HoldCo Constitution, with each Appointing Beneficiary also subject to the rights and obligations under the Nominee Deed.</p> <p>For further details, see clauses 5.4 and 8.2 of the Scheme attached at Annexure 2 and clause 1.2 of the HoldCo Shareholders Deed attached at Annexure 5. See also the Nominee Deed attached at Annexure 6 below.</p>	<p>Whilst the current Prospa Shareholders are governed by the Prospa Constitution, following the implementation of the Scheme, the HoldCo Shareholders will have additional rights (including HoldCo director appointment rights, information rights and rights to hold HoldCo Shares directly pursuant to the HoldCo Constitution, HoldCo Shareholders' Deed and Nominee Deed attached in Annexure 4, Annexure 5 and Annexure 6, respectively.</p>
Payment of dividends and other payment made to a Nominee	<p>Payment of dividends will be at the sole discretion of the HoldCo Board and made on a unanimous basis. Payment of dividends may also be subject to any restrictions set out in any financing documents with a bank or financial institution or under any contract that may contain covenants restricting HoldCo and BidCo from declaring the payment of a dividend.</p> <p>For further details, see clause 14 and 16.8 of the HoldCo Shareholders' Deed attached at</p>	<p>Prospa Shareholders are presently entitled to receive dividends on Prospa Shares determined to be paid at the sole discretion of the Prospa Board (subject to the Corporations Act and the Listing Rules). Payment of dividends may also be subject to any restrictions set out in any financing documents with a bank or financial institution or under any contract that may contain covenants restricting HoldCo and BidCo</p>

	Annexure 5 and clause 4.1 of the HoldCo Constitution attached at Annexure 4.	from declaring the payment of a dividend.
Public unlisted company	<p>HoldCo is an unlisted public company. As such HoldCo will not be subject to the various provisions that were applicable to Prospa previously as a company listed on the ASX. For example, the continuous disclosure obligations under the Listing Rules and Australia's takeover regime will no longer apply (for the latter, so long as HoldCo does not have more than 50 shareholders).</p> <p>It is not expected that HoldCo will, in the foreseeable future, have more than 50 HoldCo Shareholders, noting that as detailed further below in this table under the heading 'Nominee Deed', each Scheme Shareholder who elects to receive the Scrip Consideration will hold its HoldCo Shares through a Nominee (unless a Rolling Scheme Shareholder is entitled to and has opted for a Direct Holding of its HoldCo Shares).</p> <p>For further details see section 4.4 above.</p>	<p>Rolling Scheme Shareholders who receive Scrip Consideration should be aware that, as an unlisted public company, HoldCo will not have to comply with the Listing Rules or certain Corporations Act requirements with which Prospa is presently required to comply.</p>
Power of attorney	<p>Under the HoldCo Shareholders' Deed, each HoldCo Shareholder (Appointor) irrevocably appoints HoldCo and each of its directors as attorney of the Appointor to take certain actions relating to the dealing of HoldCo Shares, and including on each of the Appointor's behalf: complete and sign necessary documentation; call, attend and speak at HoldCo meetings; vote or assign voting rights at a meeting of holders of HoldCo Shares; instruct any Nominee holding HoldCo Shares for the Appointor to implement transactions or matters contemplated by the HoldCo Shareholders' Deed; or execute shareholder resolutions on behalf of the Appointer.</p> <p>For further details, see clause 22.1 and its related clauses 4.4, 5.8, 6.5, 16.2(d)(ii), 16.6(e), 16.7(g) 16.12 and 27.1(b) of the HoldCo Shareholders' Deed attached at Annexure 5.</p>	<p>There are no equivalent provisions relating to a power of attorney under the Prospa Constitution – this provision is specific to HoldCo's structure pursuant to the Scheme.</p> <p>Rolling Scheme Shareholders who receive the Scrip Consideration should be aware that they are agreeing to grant a power of attorney to HoldCo in respect of a range of matters relating to their HoldCo shareholding, including matters which, in the context of HoldCo, they would be required to sign, consent to or approve. This means that certain actions may occur without any input from Prospa Shareholders who elect to receive the Scrip Consideration.</p>

Change of Control

If a Change of Control (as defined in the HoldCo Shareholders' Deed) occurs in relation to a HoldCo Shareholder (a **Change of Control Shareholder**) other than the Nominee, then unless approved by HoldCo Shareholders holding 75% of the HoldCo Shares not held by the Change of Control Shareholder, the HoldCo Shareholder must immediately give HoldCo notice giving details of the Change of Control. All HoldCo Shares held by the Change of Control Shareholder will then be offered to other HoldCo Shareholders in a manner similar to the pre-emptive rights regime (see below) at fair market value.

Where there are HoldCo Shares which are not taken up by existing HoldCo Shareholders, HoldCo may buy back such HoldCo Shares, provided the HoldCo Board determines HoldCo is in a financial position to complete the buy back and HoldCo is in a position to do so in compliance with the Corporations Act. For further details, see clauses 6.1 and 6.6 of the HoldCo Shareholders' Deed attached at Annexure 5.

There are no equivalent provisions relating to a Change of Control under the Prospa Constitution – this provision is specific to HoldCo's structure pursuant to the Scheme.

HoldCo Board Matters**HoldCo Board**

The HoldCo Board must be constituted by a minimum of 3 HoldCo directors and a maximum of 10 HoldCo directors in accordance with the requirements of the Corporations Act and the HoldCo Constitution.

Any HoldCo Shareholder (and the Consortium together) holding at least 10% of HoldCo Shares are entitled to appoint, remove and replace 1 HoldCo director in respect of each 10% of HoldCo Shares held by that HoldCo Shareholder (up to a maximum of 2 HoldCo directors) (**Representative Director**).

It is intended that in addition to the Representative Directors to be appointed as above, the HoldCo Board will also include one person with appropriate skills and knowledge appointed as an independent HoldCo director (which HoldCo director will be appointed, removed or replaced by the HoldCo directors acting by majority). Each HoldCo Shareholder holding at least 10% of the HoldCo Shares agrees to procure that its Representative Director(s) to be appointed will use their best endeavours to ensure that there is an appropriate independent HoldCo director appointed to the HoldCo Board in accordance with the preceding sentence, with the first such independent HoldCo director intended to be

Prospa Shareholders do not presently have any express rights in relation to Prospa Board representation, other than their general ability to vote in respect of the appointment, removal or replacement of a director by resolution at a general meeting.

HoldCo Shareholders:

who hold at least 10% of HoldCo Shares can appoint, remove and replace 1 director in respect of each 10% of HoldCo Shares held by that HoldCo Shareholder (up to a maximum of 2 HoldCo directors); and

who hold at least 5% if HoldCo Shares may appoint 1 observer to attend each HoldCo Board meeting.

appointed within 6 months of the effectiveness of the HoldCo Shareholders' Deed.

HoldCo Shareholders may by resolution at a general meeting appoint, remove or replace an eligible person to be a HoldCo director (subject to the total number of HoldCo directors not exceeding the maximum number of HoldCo directors).

HoldCo directors (acting unanimously) have the right to appoint, remove and replace any eligible person to be a HoldCo director and (acting unanimously except for that HoldCo director) to remove or replace that person as a HoldCo director, either in addition to the existing HoldCo directors or to fill a casual vacancy. If the HoldCo Board contains the maximum number of HoldCo directors when a HoldCo Shareholder exercises their rights to appoint a HoldCo director, the office of the HoldCo director last appointed by the HoldCo directors (or other such HoldCo director as determined by the HoldCo Board) becomes vacant immediately prior to the appointment of that HoldCo Shareholder appointment.

Any HoldCo Shareholder (and the Consortium together) holding at least 5% of HoldCo Shares may be entitled to appoint 1 observer to attend each meeting of the Board. The chairperson of the HoldCo Board may be appointed or replaced from the directors by the HoldCo Shareholders by a vote. The chairperson of the HoldCo Board from the Implementation Date will remain as Gregory Ruddock until another person is appointed as chairperson or he resigns from that position, and otherwise is to be appointed from the HoldCo directors by the HoldCo Shareholders.

For further details, see clauses 9.1, 9.2 and 9.5 of the HoldCo Shareholders' Deed attached at Annexure 5 and clauses 7.1 and 7.11 of the HoldCo Constitution attached at Annexure 4.

HoldCo Board meetings, quorum and voting

A quorum of 3 directors is required for a HoldCo Board meeting. HoldCo Board meetings must be held at least 4 times each financial year at regular intervals.

Except for matters which require unanimous HoldCo Board approval, or matters which may be referred to HoldCo Shareholders for special majority approval, resolutions of directors must be carried by (i) unanimous approval; or (ii) a majority of the votes cast by directors. The chairperson of the HoldCo Board does not have a casting vote on a resolution of the directors.

Prospa Shareholders do not presently have any express rights in relation to the passing of specific matters that require special majority approval.

Prospa Shareholders who receive the Scrip Consideration will have the right to approve such defined matters that require a special majority of HoldCo Shareholders' approval (see 'HoldCo Shareholder Special Majority Resolutions' section below in this table).

	<p>For further details, see clauses 11.1, 11.2, 11.6, 11.7, 11.11 and 12.5 of the HoldCo Shareholders' Deed attached at Annexure 5 and clauses 7.2 and 7.11 of the HoldCo Constitution attached at Annexure 4.</p>	
<p>Matters for unanimous HoldCo Board approval</p>	<p>The following actions require unanimous approval by the directors. These include (but are not limited to):</p> <ul style="list-style-type: none"> the declaration or payment of any dividend or other distribution; the adoption, variation or replacement of any business plan or budget; the adoption, variation or replacement of any employee incentive scheme which may involve the issue of a security; the issue of any securities in HoldCo or a subsidiary (where such issue does not require HoldCo Shareholder approval); the implementation of an IPO; or enter into a transaction other than in the ordinary course of the conduct of the business, unless expressly provided for in the HoldCo Shareholders' Deed. <p>However, where a resolution on such matters is not passed unanimously by the HoldCo directors, a majority of HoldCo directors may request the matter to be referred to HoldCo Shareholders for approval by a special majority of HoldCo Shareholders if a majority of HoldCo directors require the HoldCo directors to do so. If a special majority of HoldCo Shareholders approves the resolution, the HoldCo directors will then be entitled to pass the initial resolution at the Board with only a majority of HoldCo directors present and entitled to vote.</p> <p>For further details, see clause 11.12 and Part 1, Schedule 1 of the HoldCo Shareholders' Deed attached at Annexure 5.</p>	<p>There are no equivalent provisions under the Prospa Constitution.</p>
<p>HoldCo Shareholder Matters</p>		
<p>HoldCo Shareholder meetings, quorum and voting</p>	<p>Quorum for a meeting of HoldCo Shareholders is no fewer than 3 HoldCo Shareholders present in person or by proxy, representative or attorney. A HoldCo director may call a meeting of HoldCo Shareholders at a time during business hours in Sydney, and at a place as resolved by HoldCo directors, subject to the requirements of the Corporations Act.</p> <p>Each HoldCo Shareholder is entitled to the number of votes equivalent to the number of</p>	<p>A quorum for a Prospa Shareholders' general meeting is 5 or more Prospa Shareholders present and entitled to vote on a resolution at the meeting. The quorum of a HoldCo Shareholders' general meeting will be reduced to 3 or more HoldCo Shareholders present and entitled to vote on a resolution at the meeting.</p> <p>At present, each Prospa Shareholder has the following voting rights:</p>

	<p>HoldCo Shares held by it subject to the terms of the HoldCo Shareholders' Deed.</p> <p>Each HoldCo Shareholder is entitled to the following number of votes on a resolution of the HoldCo Shareholders:</p> <p>on a show of hands at a meeting of the HoldCo Shareholders, each HoldCo Shareholder is entitled to 1 vote; and</p> <p>on a poll at a meeting of the HoldCo Shareholders, each HoldCo Shareholder is entitled to 1 vote for each HoldCo Share held by that HoldCo Shareholder.</p> <p>The chairperson of a general meeting does not have a casting vote.</p> <p>For further details, see clauses 12.1, 12.2, 12.3, 12.4 and 12.6 of the HoldCo Shareholders' Deed attached at Annexure 5 and clause 6 of the Constitution attached at Annexure 4.</p>	<p>on a show of hands at a meeting of Prospa Shareholders, entitled to 1 vote;</p> <p>on a poll at a meeting of Prospa Shareholders, entitled to 1 vote for each Prospa Share held by that Prospa Shareholder.</p> <p>Subject to the terms of the HoldCo Shareholders Deed, such voting rights will remain the same in HoldCo, for Rolling Scheme Shareholders who receive the Scrip Consideration, and thus receive HoldCo Shares.</p>
<p>HoldCo Shareholder Special Majority Resolutions</p>	<p>The following actions require a resolution passed by at least 75% of all HoldCo Shareholders entitled to vote on the resolution.</p> <p>These include (but are not limited to):</p> <p>the issue of securities (excluding under an employee or officer incentive scheme or in connection with the acquisition of a business) where such issue represents more than 10% of the fully diluted share capital in HoldCo (in aggregate across the previous 12-month period);</p> <p>capital returns, share buy backs, capital reductions or certain corporation reorganisations of HoldCo;</p> <p>any disposal of the business or the material assets of the business or like transactions;</p> <p>any acquisition by HoldCo, or a subsidiary of another business;</p> <p>HoldCo or a subsidiary engaging in certain related party transactions;</p> <p>any liquidation, dissolution or winding up of HoldCo;</p> <p>the appointment, removal or replacement of the auditor;</p> <p>a significant change in the nature of the business or its operational activities; or</p> <p>any amendment to the HoldCo Constitution or any of the rights or obligations applicable to any of the HoldCo Shares.</p>	<p>Prospa Shareholders do not presently have any express rights in relation to the passing of specific matters that require special majority approval.</p> <p>Rolling Scheme Shareholders who receive the Scrip Consideration will have the right to vote on such matters that require a special majority of HoldCo Shareholders' approval commensurate with their HoldCo shareholding.</p>

For further details, see clause 12.7 and Part 2, Schedule 1 of the HoldCo Shareholders' Deed attached at Annexure 5.

Issues and transfers of HoldCo Shares

Issue of further HoldCo Shares

If HoldCo proposes to issue additional shares (**Offer Securities**) it must first offer such Offer Securities to existing HoldCo Shareholders, who are entitled to a pro rata allocation.

Where there remain Offer Securities not taken up by existing HoldCo Shareholders, HoldCo may offer those to any person other than a person on the 'Consolidated List' maintained by the Australian government under Australia sanctions laws (**Qualified Buyer**).

The foregoing does not apply where the issue of shares is for the purposes of an employee or officer incentive scheme, in connection with the acquisition of a business, or where the issue represents less than 10% of HoldCo's fully diluted share capital (in aggregate across the previous 12-month period).

At any time within 90 Business Days after completion of this offer process, HoldCo may offer the Offer Securities to a Qualified Buyer (provided that HoldCo would not have more than 50 members as a result).

For further details, see clause 8 of the HoldCo Shareholders' Deed attached at Annexure 5.

Prospera Shareholders do not presently have any express pre-emptive rights in relation to Prospera Shares. HoldCo Shareholders may have a pre-emptive right to subscribe for HoldCo Shares unless the issue of HoldCo Shares is:

for the purposes of an employee or officer incentive scheme;

in connection with the acquisition of a business; or

where the issue represents less than 10% of HoldCo's fully diluted share capital.

Prospera is presently required to comply with the Listing Rules in relation to the issuance of Prospera Shares, including obtaining Prospera Shareholder approval for issuances in certain circumstances. For more information, see Chapter 7 of the Listing Rules and section 4.4 above.

As an unlisted company, HoldCo will not be required to comply with the Listing Rules. Rolling Scheme Shareholders who receive the Scrip Consideration should be aware that HoldCo may not need to seek the approval of HoldCo Shareholders to issue HoldCo Shares including any issuance of HoldCo Shares to pursue acquisitions or to incentivise members of HoldCo management.

Disposals and pre-emptive rights

Each HoldCo Shareholder must give all other HoldCo Shareholders (each a **Purchasing Shareholder**) an opportunity to acquire any HoldCo Shares they wish to dispose of before offering to any other persons. Purchasing HoldCo Shareholders who wish to acquire such HoldCo Shares on offer will be allocated HoldCo Shares pro rata. Once all Purchasing Shareholders have been allocated HoldCo Shares, any remaining HoldCo Shares not taken up by purchasing shareholders may be offered to a Qualified Buyer.

The pre-emptive rights regime will not apply to the transfer of HoldCo Shares where:

the sale is a 'small holdings' sale;

the sale is a 'permitted transfer'; or

Prospera Shareholders are presently able to sell their Prospera Shares on market at any time as there is a liquid market for Prospera Shares.

Rolling Scheme Shareholders who receive the Scrip Consideration under the Scheme should be aware that HoldCo will be an unlisted public company, and as such, there will be no public market for the trading of HoldCo Shares following implementation of the Scheme and which will result in a lack of liquidity in respect of their HoldCo Shares.

Under the HoldCo Shareholders' Deed there are restrictions on the transfer of

	<p>the sale is in accordance with the exercise of any tag along or drag along rights (see below).</p> <p>A 'small holdings' sale is where a HoldCo Shareholder may dispose of an amount of HoldCo Shares up to 1,000,000 HoldCo Shares to any person in one or multiple transactions during any 12-month period without needing to comply with the pre-emptive rights regime.</p> <p>A 'permitted transfer' is a transfer of a HoldCo Shareholder's legal and beneficial interest in HoldCo Shares to a 'permitted transferee' (including a related entity or relative of that HoldCo Shareholder, or, in relation to a Consortium Member, each other Consortium Member or its 'permitted transferee') without needing to comply with the pre-emptive rights regime.</p> <p>Nominee transfers (e.g., transfers from HoldCo Shareholders to the Nominee) are also exempt from this regime.</p> <p>For further details, see clauses 3.1 to 3.4, 3.12, 4 and 5 of the HoldCo Shareholders' Deed attached at Annexure 5.</p>	<p>HoldCo Shares, including that HoldCo Shareholders must give all other HoldCo Shareholders the opportunity to acquire any HoldCo Shares before being able to sell its HoldCo Shares.</p>
<p>Drag along rights</p>	<p>Within 10 Business Days of the date on which one or more HoldCo Shareholders that hold HoldCo Shares representing 70% or more of the issued share capital of HoldCo (Drag Along Sellers):</p> <p>make an offer in writing to a Qualified Buyer offering to sell all of the HoldCo Shares on issue which is then accepted; or</p> <p>receive an offer from a Qualified Buyer offering to buy all of the HoldCo Shares on issue that it wishes to accept,</p> <p>the Drag Along Sellers must give notice of the offer to each other HoldCo Shareholder. Each HoldCo Shareholder that receives such notice must, on the offer settlement date, sell to the Qualified Buyer all of its HoldCo Shares at the same time as the sale by the Drag Along Seller and do all things necessary to effect the transaction.</p> <p>For further details, see clause 4 of the HoldCo Shareholders' Deed attached at Annexure 5.</p>	<p>There are no equivalent provisions relating to drag along rights under the Prospa Constitution.</p> <p>HoldCo Shareholders on receipt of a drag along notice from a Drag Along Seller must accept an offer from a Qualified Buyer to sell their HoldCo Shares to the Qualified Buyer.</p> <p>Rolling Scheme Shareholders should be aware that they will have no rights to vote on any transactions involving the use of the drag along rights in relation to their HoldCo Shares.</p>
<p>Tag along rights</p>	<p>Within 10 Business Days of the date on which one or more HoldCo Shareholders that hold HoldCo Shares representing 10% or more of the issued share capital of HoldCo (Tag Along Sellers):</p> <p>make an offer in writing to a Qualified Buyer offering to sell HoldCo Shares collectively</p>	<p>There are no equivalent provisions relating to tag along rights under the Prospa Constitution.</p> <p>HoldCo Shareholders on receipt of a Tag Along Notice from a Tag Along Seller may accept an offer from a</p>

	<p>representing a Tag Along Position which is then accepted; or</p> <p>receive an offer from a Qualified Buyer offering to buy HoldCo Shares representing a Tag Along Position that it wishes to accept,</p> <p>the Tag Along Sellers must give notice of the offer to other HoldCo Shareholders. Each Shareholder may, within 10 Business Days of the date of the notice, give notice to the Tag Along Seller that it wishes to sell to the Qualified Buyer a proportion of its Shares equal to the Tag Along Sale Proportion (as defined in the HoldCo Shareholders' Deed) (Tag Along Notice). The Tag Along Seller may then only sell its HoldCo Shares to the Qualified Buyer if the Qualified Buyer also purchases all HoldCo Shares specified in each Tag Along Notice.</p> <p>For further details, see clause 5 of the HoldCo Shareholders' Deed attached at Annexure 5.</p>	<p>Qualified Buyer to sell their HoldCo Shares to the Qualified Buyer.</p> <p>Rolling Scheme Shareholders who receive the Scrip Consideration under the Scheme should be aware that they will have no rights to vote on any transactions involving the use of the tag along right in relation to their HoldCo Shares.</p>
<p>Exit via an IPO</p>	<p>If the HoldCo Board or HoldCo Shareholders (in the case of a resolution for an IPO (as defined in the HoldCo Shareholders' Deed) being referred to the HoldCo Shareholders for HoldCo Shareholder special majority approval) approve the implementation of an IPO, each HoldCo Shareholder agrees to:</p> <p>vote all HoldCo Shares in favour of any matter in respect of which HoldCo Shareholder approval is necessary or expedient in pursuit of the IPO;</p> <p>cause any Representative Director of the HoldCo Shareholder to take such steps as director which are necessary or expedient in pursuit of the IPO; and</p> <p>take any additional necessary actions required to facilitate the implementation of the IPO.</p> <p>For further details, see clause 7 of the HoldCo Shareholders' Deed attached at Annexure 5.</p>	<p>There are no equivalent provisions relating to an exit via an IPO under the Prospa Constitution – this provision is specific to HoldCo's structure pursuant to the Scheme.</p>
<p>Conversion and termination provisions</p>	<p>Immediately after implementation of the Scheme, the terms of the HoldCo Shareholders' Deed apply to HoldCo Shareholders and include 'conversion and termination provisions' (as that term is defined in ASIC Corporations (Stub Equity in Control Transactions) Instrument 2020/734 (Instrument)). It is a requirement under the Instrument for the Nominee Deed to contain 'conversion and termination provisions' (as that term is defined in the Instrument).</p> <p>Pursuant to the Nominee Deed if HoldCo applies to ASIC to change its company type to a proprietary company at a time when it has more than 50 non-employee Appointing Beneficiaries:</p>	<p>There are no equivalent provisions relating to the 'conversion and termination provisions' (as that term is defined in the Instrument) under the Prospa Constitution.</p>

	<p>the Nominee Deed will terminate once the change of type takes effect; and</p> <p>the Appointing Beneficiaries will be registered as the owners of the HoldCo Shares.</p> <p>This clause in the Nominee Deed may only be amended by special resolution (75%) of Appointing Beneficiaries.</p> <p>For further details, see clauses 1.2 and 16.4 of the HoldCo Shareholders Deed attached at Annexure 5, clause 17 of the Nominee Deed attached at Annexure 6.</p>	
Nominee arrangements	<p>Following appointment of a Nominee under the Nominee Deed, each HoldCo Shareholder must comply with directions of the HoldCo Board and agree to appoint the HoldCo Board as its attorney for the purpose of facilitating the transfer of its HoldCo Shares to the Nominee and arranging execution of the Nominee Deed.</p> <p>A HoldCo Shareholder who would be issued at least 1,000,000 HoldCo Shares on the Implementation Date or is an Appointing Beneficiary in respect of at least 1,000,000 Beneficial Shares in HoldCo on or after the Implementation Date when aggregated with the HoldCo Shares registered in its name may, following the provision of written notice to HoldCo, direct HoldCo to issue the HoldCo Shares to itself (if notice is provided at least 2 Business Days prior to the Implementation Date) or direct the Nominee to transfer legal title to any of its Beneficial Shares in HoldCo to itself (if notice is provided after that time) provided such transfer does not result in HoldCo exceeding 50 members.</p> <p>HoldCo may, including after becoming aware of any actual or pending event or circumstances that could result in HoldCo having more than 50 members, notify all of the HoldCo Shareholders of such event or circumstances (if applicable) and appoint a Nominee to hold the HoldCo Shares (excluding the Consortium Members or their permitted transferees or any other HoldCo Shareholder that is the registered holder of 5% or more of the Shares).</p> <p>For further details, see clauses 16.2, 16.5, 16.6, 16.7 and 16.2 of the HoldCo Shareholders' Deed and see clause 5.4 of the Scheme.</p>	<p>Each Prospa Shareholder is presently entitled to choose to hold its Prospa Shares in its own name or in a structure of its choice (including through a Nominee on bare trust for the relevant Prospa Shareholder).</p> <p>Rolling Scheme Shareholders who receive Scrip Consideration should be aware that HoldCo will, other than in limited circumstances (where an Appointing Beneficiary holds at least 1,000,000 shares in HoldCo beneficially), require the shares in HoldCo to be held by a Nominee on bare trust (rather than in the name of the Rolling Scheme Shareholder).</p> <p>Rolling Scheme Shareholders holding HoldCo Shares through the Nominee will still be entitled to the economic benefits associated with their beneficial shareholding.</p>
Bare trust	<p>The HoldCo Shareholders' Deed contains provisions to facilitate the appointment of the Nominee to hold the HoldCo Shares on bare trust for the relevant HoldCo Shareholders (i.e. Appointing Beneficiaries) pursuant to the Nominee Deed.</p>	<p>See above.</p>

The restrictions on dealing in the HoldCo Shareholders' Deed (see above) will apply to dealings in a HoldCo Shareholders' beneficial interest in HoldCo Shares and any dealings in the legal title to HoldCo Shares by the Nominee.

For further details, see clause 16 of the HoldCo Shareholders' Deed attached at Annexure 5 and clause 2 and 4.2 of the Nominee Deed attached at Annexure 6.

Other Matters

Confidentiality

Customary confidentiality provisions apply in the HoldCo Shareholders' Deed and Nominee Deed. However, the confidentiality obligations on the Nominee and related parties preventing disclosure of confidential information regarding HoldCo or Appointing Beneficiaries only applies during the term of the Nominee Deed and for a period of 5 years thereafter.

For further details, see clause 17 of the HoldCo Shareholders' Deed attached at Annexure 5 and clause 14 of the Nominee Deed attached at Annexure 6.

Rolling Scheme Shareholders who receive the Scrip Consideration should be aware that customary confidentiality provisions will apply to HoldCo Shareholders under the HoldCo Shareholders' Deed.

There are no equivalent provisions relating to confidentiality under the Prospa Constitution – this provision is specific to HoldCo's structure.

HoldCo Shareholder information rights

HoldCo must within a reasonable time provide a copy of the latest audited financial statements of the BidCo Group on written request by a HoldCo Shareholder.

HoldCo must within a reasonable time provide a copy of quarterly management accounts of the BidCo Group, together with other material financial affairs information requested by a HoldCo Shareholder holding at least 3% of HoldCo Shares.

For further details, see clause 13.2 of the HoldCo Shareholders' Deed attached at Annexure 5.

There are no equivalent provisions relating to Shareholder information rights under the Prospa Constitution – this provision is specific to HoldCo's structure.

Accession to HoldCo Shareholders' Deed

As noted above, all Scheme Shareholders who elect to receive the Scrip Consideration will be bound by the rights and obligations under the HoldCo Shareholders' Deed and the HoldCo Constitution.

Subject to the preceding paragraph:

no person may be registered as a holder of HoldCo Shares; or

the Nominee may not be registered as a holder of HoldCo Shares on behalf of an Appointing Beneficiary,

unless the person or Appointing Beneficiary (as applicable) executes and delivers an accession deed agreeing to be bound by the terms of the HoldCo Shareholders' Deed (except in the case of an IPO or where the proposed transferee is already party to the HoldCo Shareholders' Deed).

There are no equivalent provisions relating to an accession deed poll under the Prospa Constitution.

	See clauses 5.4 and 8.2 of the Scheme attached at Annexure 2 and clauses 1.2 and 3.13 of the HoldCo Shareholders' Deed attached at Annexure 5.	
Amendment to HoldCo Shareholders' Deed	<p>Except with respect to provisions dealing with Nominee arrangements, the Shareholders' Deed may only be varied by a document signed by or on behalf of Shareholders holding 90% of the Shares. Any such amendment is binding on each party and all of such party's successors and permitted assigns, whether or not any such party, successor or assignee entered into or approved such amendment.</p> <p>For further details, see clause 27.1 of the HoldCo Shareholders' Deed attached at Annexure 5.</p>	There are no equivalent amendment rights under the Prospa Constitution – this provision is specific to HoldCo's structure.
Amendment to Nominee Deed	<p>With the exception of provisions regarding conversion of HoldCo to a proprietary company, the Nominee Deed may be amended by HoldCo and the Nominee:</p> <p>if the amendment is of a formal, minor or technical nature, or is made to cure any manifest error, mistake or inconsistency identified by the HoldCo Board, or required in order for the Nominee Deed to comply with the applicable laws; or</p> <p>otherwise, provided that the amendment would not materially diminish the rights of, materially increase the obligations of, or otherwise materially adversely affect, an Appointing Beneficiary.</p> <p>It may also be amended by agreement of HoldCo, Nominee and Appointing Beneficiaries holding 75% or more of the Shares of Appointing Beneficiaries (or approved by special resolution).</p> <p>For further details, see clause 21 of the Nominee Deed attached at Annexure 6.</p>	There are no equivalent amendment rights under the Prospa Constitution – this provision is specific to HoldCo's structure.
Amendment to Constitution	The HoldCo Constitution may only be amended by a special resolution of HoldCo Shareholders in accordance with the HoldCo Shareholders' Deed and the requirements of the Corporations Act.	The same Corporations Act requirements concerning the Prospa Constitution apply to any amendments to the HoldCo Constitution.

4.9 BidCo intentions if the Scheme is implemented

4.9.1 Introduction

If the Scheme is implemented, BidCo will become the holder of 100% of the Prospa Shares, and accordingly Prospa will become a wholly owned subsidiary of BidCo.

This Section 4.9 sets out BidCo's current intentions if the Scheme is implemented in relation to:

- the continuation of the business of Prospa;
- any major changes to be made to the business of Prospa;
- the future employment of the present employees of Prospa; and
- the general business environment which is known to the BidCo Group as at the Last Practicable Date.

If the Scheme is implemented, BidCo intends to undertake a detailed review of the business' assets and operations of Prospa. BidCo will only make final decisions following the completion of its review of the business and based on the facts and circumstances at the relevant time. BidCo does not currently have full knowledge of all material information, facts or circumstances that are necessary to assess all the operational, commercial, tax and financial implications of its current intentions. Final decisions in relation to these matters will only be reached after BidCo has had an opportunity to undertake a detailed review of Prospa's business following implementation of the Scheme. Accordingly, statements set out in this Section 4.9 are statements of current intention only and are based on facts and circumstances that are known to BidCo as at the Last Practicable Date, which may change as new information becomes available or circumstances change.

The intentions of BidCo are the same as the intentions of HoldCo and the Consortium (including, certain non-public information made available by Prospa to the BidCo Group prior to entry into the Scheme Implementation Deed).

The intentions and statements of future conduct set out in this Section 4.9 must be read as being subject to the law (including the Corporations Act) and the Listing Rules as well as the legal obligations of the Prospa Directors at the time.

4.9.2 Delisting

If the Scheme is implemented, it is intended that quotation of the Prospa Shares on the ASX will be terminated and Prospa will be removed from the official list of the ASX on or around the day following the Implementation Date and Prospa will be converted to a proprietary company limited by shares.

4.9.3 Directors of Prospa Group and HoldCo following implementation of the Scheme

Pursuant to clause 5.7 of the Scheme Implementation Deed, Prospa must as soon as practicable on the Implementation Date take all actions necessary to cause the appointment of the nominees of BidCo to the Prospa Board and ensure that all directors of the Prospa Board and all directors on the board of a Prospa Group Member who have been nominated by BidCo to resign as a director do so.

Pursuant to clause 9.1 of the HoldCo Shareholders' Deed, from the implementation of the Scheme, the HoldCo Board will consist of a minimum of 3 directors and a maximum of 10 directors. Further, under the terms of the HoldCo Shareholders' Deed:

- each HoldCo Shareholder holding at least 10% of HoldCo Shares on issue may appoint, remove and replace 1 director in respect of each 10% of the HoldCo Shares held by that Scheme Shareholder (up to a maximum of 2 directors)¹⁵;
- the parties to the HoldCo Shareholders' Deed confirm that the HoldCo Board should, in addition, have an independent director with appropriate skills and knowledge and each HoldCo Shareholder referred to above is required to cause its Representative Directors to use their best endeavours to ensure that this occurs;
- the directors acting unanimously also have the right to appoint any eligible person to be a director, either as an addition to the existing directors or to fill a casual vacancy, but so that the total number of directors does not exceed 10; and
- each HoldCo Shareholder holding at least 5% of the HoldCo Shares on issue may appoint 1 observer to attend each meeting of the HoldCo Board.

While the identity of the HoldCo directors after the Implementation Date has not yet been determined:

- the Consortium has advised HoldCo that Gregory Ruddock, a current HoldCo director and chairperson of the HoldCo Board, will be its Representative Director, and that each of the other existing HoldCo directors, being Mathew Kuppe and Neil Broekhuizen, will resign as HoldCo directors (once able to do so in compliance with the requirement that HoldCo have at least 3 directors). Gregory Ruddock will continue as chairperson of the HoldCo Board until such time as he resigns from that position or the HoldCo Shareholders appoint a different chairperson from the HoldCo directors in accordance with the HoldCo Shareholders' Deed; and
- Prospa has advised that:
 - Gregory Moshal intends to appoint himself as his Representative Director;¹⁶ and
 - Curfore Pty Ltd intends to appoint Aviad Eyal and Beaumont Bertoli as its Representative Directors.¹⁷

HoldCo welcomes and supports the above appointments as well as the appointment of an independent director with appropriate skills and knowledge as may be approved by the HoldCo Board in the 6 months following implementation of the Scheme.

Gregory Ruddock is an existing HoldCo director and his biography is included in Section 4.1.4(i). The summary biographies of existing Prospa directors are publicly available on the Prospa corporate governance section of the Prospa website at <https://investor.prospa.com/investor-centre/?page=corporate-governance>.

4.9.4 Prospa Employees

The BidCo Group considers the Prospa employees to be critical to the future success of the business and does not anticipate any material changes to the current organisation structure.

¹⁵ For the purposes of the right to appoint a director under clause 9.1 of the HoldCo Shareholders' Deed, such right may be exercised by the Consortium Shareholders that hold at least the majority of HoldCo Shares held by all Consortium Shareholders.

¹⁶ As stated in Section 2.3, Gregory Moshal has advised the Independent Board Committee that he intends to vote in favour of the Resolutions and to Elect and receive the Scrip Consideration, in the absence of a Superior Proposal emerging. On that basis, on implementation of the Scheme his shareholding would comprise at a minimum 15.2% of HoldCo Shares.

¹⁷ As stated in Section 2.3, Curfore Pty Ltd has advised the Independent Board Committee that it intends to vote in favour of the Resolutions and to Elect and receive the Scrip Consideration, in the absence of a Superior Proposal emerging. On that basis, on implementation of the Scheme its shareholding would comprise at a minimum 31.4% of HoldCo Shares.

Whilst ensuring focus on its current operations and needs, following implementation of the Scheme, HoldCo will review Prospa's business operations and organisational structure to ensure Prospa has the appropriate mix and level of employees and skills to enhance the business going forward.

4.9.5 New HoldCo incentive plan

Following implementation of the Scheme, HoldCo will put in place a new unlisted company incentive plan and offer a parcel of equity incentive rights (**HoldCo Exercisable Rights**) under those rules to employees of the Prospa Group participating in the existing Prospa Equity Incentive Plan. The terms of the HoldCo Exercisable Rights will be determined by the HoldCo Board following implementation of the Scheme whereby the HoldCo Board will undertake a strategic review of the existing Prospa Equity Incentive Plan to determine how best to put in place the HoldCo Exercisable Rights for the participating Prospa Group employees.

HoldCo will develop this new company incentive plan in conjunction with Prospa's management having regard to the approach and basis of allotment adopted for recent grants under the existing Prospa Equity Incentive Plan by Prospa (and the extent to which performance rights lapse on the Effective Date). HoldCo will treat key management personnel in the same way as all other employees, such that those key management personnel will be no better or worse off than under the Prospa Equity Incentive Plan. Offers for HoldCo Exercisable Rights will be prepared under a prospectus exemption and be subject to applicable laws and HoldCo Board approval.

HoldCo expects to grant HoldCo Exercisable Rights (each in respect of one HoldCo Share) in number equal to 6,363,276, minus the number of performance rights which vest after 31 July 2024 (and calculated before issuing Prospa Shares in respect of performance rights and options as referred to in Section 2.5).

Further information relating to the Equity Incentive Plan and HoldCo Exercisable Rights is set out in Section 6.5.

4.9.6 Prospa Constitution

Following implementation of the Scheme, HoldCo intends to cause BidCo (its wholly owned subsidiary and intended 100% holder of Prospa) to replace Prospa's Constitution with a constitution appropriate for a proprietary company limited by shares and which is a wholly owned subsidiary of HoldCo and BidCo). The form of that constitution will be considered part of HoldCo's broader review of Prospa. As the sole shareholder of Prospa, BidCo alone will be able to make changes to Prospa's Constitution. Following implementation of the Scheme, the key governance documents relating to the BidCo Group (including Prospa) will be the HoldCo Constitution, the HoldCo Shareholders' Deed and the Nominee Deed, which are provided in Annexure 4, Annexure 5 and Annexure 6, respectively.

4.9.7 Business continuity and operations

It is the current intention of BidCo Group to continue Prospa's focus on driving fintech business operating in Australia and New Zealand, servicing small businesses, by developing innovative, simple, stress free and seamless financial management products and services to its customers while providing support to pursue organic and acquisition-based growth opportunities as appropriate.

BidCo Group intends to continue to operate Prospa under its current name and following implementation of the Scheme, BidCo in partnership with Prospa management, will undertake a strategic review of Prospa's business and operations to determine how best to operate and further

develop and grow Prospa and any decisions regarding these matters will be made following that review.

Subject to financial considerations made by the HoldCo Board and any restrictions set out in any finance agreements, a decision to pay and the amount of any dividend will be at the sole discretion of the HoldCo Board and made on a unanimous basis.

After implementation of the Scheme, BidCo does not intend to redeploy any fixed assets or add any other assets or businesses unrelated to Prospa, however, BidCo may seek to exit its investment in Prospa by selling Prospa Shares at some stage in the future. Any decision to exit will be subject to prevailing market conditions, the businesses' performance and other factors which may be considered relevant at the time. The optimal timing of exit will be determined at some stage in the future, if relevant.

4.10 Additional Information

4.10.1 Interests in Prospa Shares

As at the date of the Scheme Booklet, BidCo and HoldCo do not have a relevant interest or voting power in Prospa Shares.

The Consortium (excluding the Salter Brothers Tech Fund) has a relevant interest and voting power in 8,155,329 Prospa Shares, representing approximately 4.96% of the total Prospa Shares on issue.

As at the Last Practicable Date, Tubbin holds 8,155,329 Prospa Shares for itself and as bare trustee for GRIM, Grangeford and Jaspar, representing 4.96% of Prospa. Of the 8,155,329 Prospa Shares held by Tubbin, Tubbin holds 1,133,611 Prospa Shares directly for itself, and holds as bare trustee:

- for GRIM: 3,000,000 Prospa Shares;
- for Grangeford: 3,000,000 Prospa Shares; and
- for Jaspar: 1,021,718 Prospa Shares.

4.10.2 Dealings in Scheme Shares in the previous 4 months

None of BidCo, HoldCo, the Consortium, nor any of their associates, have provided, or agreed to provide, consideration for Scheme Shares under any transaction or agreement during the period of the previous 4 months before the date of the Scheme Implementation Deed, except for the Scheme Consideration, which BidCo and HoldCo has agreed to provide under this Scheme (as reflected in the Scheme Implementation Deed and the Deed Poll).

4.10.3 Benefits given during the previous 4 months

Neither the BidCo Group nor any of its associates have, during the period of 4 months before the Last Practicable Date, given, or offered to give, or agreed to give, a benefit to another person which was likely to induce the other person or an associate to:

- vote in favour of the Scheme; or
- dispose of any Scheme Shares,

where the benefit was not offered to all Prospa Shareholders under the Scheme.

If the Scheme is implemented, HoldCo has agreed to offer equity incentive rights in HoldCo to Prospa employees (including key management personnel) on the terms and conditions yet to be

determined by the HoldCo Board. The BidCo Group does not consider that any of the Prospa employees or key management personnel have been given a benefit that is likely to induce them or an associate to vote in favour of the Scheme or dispose of any Scheme Shares.

4.10.4 Benefits to Prospa officers

If the Scheme is implemented, neither HoldCo nor BidCo will be making any payment or giving any benefit to any current Prospa director as compensation or consideration for, or otherwise in connection with, their resignation from the Prospa Board, other than as required under the terms of the Scheme and if they make a valid Election to receive the Scrip Consideration in respect of their Prospa Shares, under the terms of the HoldCo Shareholders' Deed and Constitution.

4.10.5 Other agreements or arrangements

Other than in connection with the Scheme's incorporation and entry into the Scheme Implementation Deed and associated transaction documents in connection with the Scheme or such other actions as are necessary to facilitate the Scheme, neither the Consortium, the BidCo Group Members nor their associates have entered into or agreed to enter into any agreement or arrangement with a Prospa Shareholder, Prospa director or other officeholder in connection with, or conditional on the outcome of the Scheme.

4.10.6 Disclosure of interests and fees of certain people

Other than as set out in this Scheme Booklet or pursuant to existing employment agreements, consulting arrangements or directorships, no:

- director or proposed director of HoldCo; or
- person named in this Scheme Booklet as performing a function in a professional, advisory, or other capacity in connection with the preparation or distribution of this Scheme Booklet, holds, or held at any time during the last 2 years, any interests in:
 - the formation or promotion of HoldCo or BidCo;
 - property acquired or proposed to be acquired by HoldCo or BidCo in connection with its formation or promotion or the offer of Scheme Shares under the Scheme; or
 - the offer of Scheme Shares under the Scheme.

4.10.7 No other material information

Except as disclosed elsewhere in this Scheme Booklet, there is no other BidCo Information that is material to the making of a decision in relation to the Scheme, being BidCo Information that is within the knowledge of any director or officer of HoldCo, BidCo or the Consortium at the Last Practicable Date, which has not previously been disclosed to Prospa Shareholders.

5. Risk factors

5.1 Introduction

This Scheme presents potential risks that Prospa Shareholders should consider when deciding how to vote on the Resolutions and whether to make an Election to receive the Cash Consideration or the Scrip Consideration.

This Section 5 outlines:

- risk factors relating to the business and operations of Prospa (see Sections 5.2 and 5.3);
- risk factors relating to HoldCo Shares (see Section 5.4); and
- risk factors relating to the Scheme (see Section 5.5).

The risk factors in Sections 5.2 and 5.3 relating to the business and operations of Prospa will only apply to Prospa Shareholders that Elect the Scrip Consideration or to Prospa Shareholders in the event the Scheme is not implemented. In addition, if the Scheme is not implemented, the risk factors in Section 5.4 will not apply.

The outline of risks in this Section 5 is a summary only and should not necessarily be considered exhaustive. The business risks outlined could adversely affect the financial performance and growth potential in future years. These risks should be considered within the context of the current period of continued economic uncertainty, which is impacting the small business sectors in Australia and New Zealand. Deterioration of the economic environment could have a negative impact on many of the areas detailed below, as well as Prospa's ability to fulfil its strategy as a whole.

Section 5 does not purport to list every risk that may be associated with an investment in Prospa now or in the future or which may prevent the Scheme from becoming Effective or being implemented. Additional risks and uncertainties that Prospa is unaware of, or that it currently considers to be immaterial, may also be or become important factors that adversely affect Prospa's business and its financial position and performance. The occurrence or consequences of some of the risks described in Section 5 may be partially or completely outside the control of Prospa or BidCo or their respective directors and senior management teams.

These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of Prospa Shareholders. Before making any decision in respect of the Resolutions and/or Election for either the Cash Consideration or the Scrip Consideration, you should have a sufficient understanding of these matters having regard to your own individual risk profile, portfolio strategy, investment objectives, financial circumstances and taxation position. If you do not understand any part of this Scheme Booklet or are in any doubt as to how to vote in relation to the Resolutions, you should seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding how to vote.

Whilst the Independent Board Committee Members unanimously recommend that Prospa Shareholders (other than Excluded Shareholders) vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Prospa Shareholders, Prospa Shareholders are encouraged to carefully consider the risk factors discussed in this Section 5, as well as the other information contained in this Scheme Booklet and to make an independent assessment as to whether to vote in favour of the Resolutions.

5.2 General risks

Prospa is exposed to a number of general risks that could materially adversely affect its assets and liabilities, financial position, profits and prospects and the value of Prospa Shares. General risks that may impact on Prospa or the market for Prospa Shares include:

- changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices, debt funding markets, equity markets and consumer demand;
- changes in government policy, legislation or regulation, including banking regulation;
- changes in the nature of competition in the markets in which Prospa operates;
- natural disasters, global pandemics, or catastrophes and other general operational and business risks;
- acts of war and hostilities, acts of terrorism, civil disturbance and other force majeure risks;
- information technology related service outages and failures, including cyber incidents;
- changes in Prospa's operating results;
- changes in investor sentiment and overall performance of the Australian and international stock markets;
- changes in the operating and trading price and performance of other comparable listed entities; and
- changes to the accounting standards or reporting standards.

Some or all of these factors could affect Prospa's share price regardless of Prospa's underlying operating performance.

5.3 Risk factors relating to the business and operations of Prospa

In considering the Scheme, you should be aware that there are a number of general risk factors as well as risks specific to Prospa and/or the industries in which it operates, which could materially and adversely affect the future operating and financial performance of Prospa. Many of these risks are currently relevant to Prospa Shareholders and will only continue to be relevant to Prospa Shareholders if:

- the Scheme does not proceed and you retain your current investment in Prospa; or
- the Scheme proceeds and you have made an Election for the Scrip Consideration, so that you retain HoldCo Shares and exposure to Prospa's business.

It should be noted that a number of these risks have been relevant to Prospa for many years and despite this Prospa has managed to run and grow its core business since it was established in 2012.

Notwithstanding, successful management of these risks to date does not guarantee the same level of success in the future.

5.3.1 Customer non-payment

If Prospa's customers do not pay Prospa the principal, interest and fees owing under their contract when due then Prospa may experience a decrease in revenue, increase in expenses (including an increase in impairment expenses and an increase in funding costs), and/or decrease in operating cash flows received, which may have a material adverse effect on Prospa's business, financial condition, operating and financial performance, and availability and cost of funding. Each of Prospa's funding arrangements includes a term under which no further drawdown is permitted

to fund new loans to customers where Prospa's aggregate losses increase significantly above expected levels.

Three main drivers for why a customer may not repay their financial obligations to Prospa per the contract are:

1. a deterioration in a customer's business financial performance specific to that customer (including the business experiencing financial difficulty, insolvency or reduced cash flow), or the customer prioritises other financial payments ahead of their payments to Prospa (for example, payments to key suppliers or the ATO);
2. a general economic slow-down resulting in a deterioration of the financial performance of the customer and an inability to repay Prospa; and
3. Prospa has failed to appropriately assess which customers can and will repay their obligations and as a consequence, money has been lent to customers who have not repaid, and who do not have the capacity to repay, their obligations to Prospa.

As Prospa does not generally require security for total Prospa funding below \$150,000, it may have less ability to enforce its contractual rights and successfully recover against a customer who may have other financiers and creditors with a superior security position. In addition, it may not be economical to pursue repayment of some loans through legal claims even where Prospa has rights against the borrower or their guarantor(s) due to the amount outstanding on a particular loan.

The ATO has recently stated its intention to pursue small business tax debt which may also have a negative impact on Prospa customers' ability to pay amounts owing to Prospa.

5.3.2 Financial and funding risks

Prospa needs to be a financially sustainable, competitive, and efficient organisation, with a balance sheet and access to funding that can consistently support its strategic and growth ambitions. Prospa has long-term relationships with key funding partners through warehouse funding and public Asset Backed Security ('ABS') program.

A loss of, or adverse impact to, one or more of Prospa's funding sources (which include the Financing Contracts, the Prospa OpCo Facility Agreement and the use of Prospa's equity), could limit Prospa's ability to write new loans or to write new loans on favourable terms. This includes an inability to extend or refinance expiring facilities, an inability to set up new funding platforms to fund growth in loans, or an increase in funding costs which reduces Prospa's profitability or its ability to write profitable loans.

Some of Prospa's funding arrangements (including Warehouse Facilities, which are linked to a Benchmark Rate) are not hedged against fluctuations in interest rates. An increase in the interest rates charged for Prospa's debt facilities cannot be passed onto the existing loan portfolio due to the interest rate on Prospa's customer loans being fixed. As a result, an increase in the interest rate for Prospa's existing unhedged funding or funding which may be unhedged in the future, may impact the profitability of Prospa's business.

Financing Contracts and Prospa OpCo Facility Agreement

There is a risk that Events of Default or Amortisation Events under Prospa's Financing Contracts or the Prospa OpCo Facility Agreement may occur.

Such events may arise from, amongst other things, a breach by Prospa of its origination or servicing obligations or may arise from credit related factors, such as a deterioration in the credit quality or performance of the pool of loans funded under the relevant Warehouse Facility or Term

Facility. The occurrence of such a trigger may impact Prospa's ability to write new loans and execute on its growth strategy.

There is also a risk that Prospa may not be able to extend its Financing Contracts (when due for extension), may not be able to do so on favourable terms and/or may not be able to introduce new warehouse facilities or funding arrangements, in each case as a result of fluctuations in asset backed securitisation markets. Any or all of these risks could impact Prospa's ability to refinance existing loans, write new loans or write new loans on competitive terms. Prospa is required to repurchase loan assets from the Financing Contracts that are not performing in accordance with ongoing eligibility criteria for that facility.

Equity

Prospa subscribes for the Seller Notes in the Warehouse Facilities and Term Facilities. As the size of Prospa's loan book increases and it seeks to transfer additional loan receivables into the Warehouse Facilities and Term Facilities, the aggregate quantum of the first loss capital (and liquidity reserves where required) will also increase. Prospa is also effectively required to contribute additional collateral into the facilities to support loans that have reached a certain pre-determined level of delinquency.

If the losses on loans in the Warehouse Facilities and Term Facilities are sufficiently high, this will result in a reduction in the income that Prospa receives from that facility and the erosion of required first loss capital positions. While Prospa generally has no obligation to provide additional capital to support the Warehouse Facilities and Term Facilities, it may be appropriate to do so to support ongoing access to bank and capital market funding and to ensure access to distributions of surplus income of the relevant funding vehicle on an ongoing basis. There is also a risk that regulators could implement new or increased requirements that would oblige the inclusion of, or increase in, a minimum level of first loss capital in securitisations that exceeds the level of capital currently held by Prospa in the Warehouse Facilities and Term Facilities.

Prospa uses its own capital to fund new products and geographies and any loans ineligible for its Warehouse Facilities and Term Facilities. In the event Prospa increases its proportion of ineligible receivables, or is unable to secure third party debt funding for new products or new geographies, Prospa's capital requirement may increase.

The occurrence of any of these events may oblige Prospa to seek additional capital in the public market or from private investors (see Section 5.3.20). Prospa's ability to fund these obligations is determined by prevailing equity market conditions. If Prospa is unable to fund these obligations through cash and/or equity, its access to warehouse funding may be restricted, which would impact Prospa's ability to originate new loans, resulting in a materially adverse impact on Prospa's business, operating and financial performance, and/or growth strategy.

5.3.3 Interest rates and foreign exchange rates

The cash rate set by the Reserve Bank of Australia (which is at a 12-year high) is a significant driver of interest rates for wholesale funding in the Australian market, including the Bank Bill Swap Bid Rate ('BBSY') and Bank Bill Swap Rates ('BBSW') which are the Benchmark Rates of Prospa's Financing Contracts in Australia.

The cash rate set by the Reserve Bank of New Zealand (which is at a 15-year high) is a significant driver of interest rates for wholesale funding in the New Zealand market, including the Bank Bill Market ('BKBM') which is the Benchmark Rate of Prospa's Financing Contracts in New Zealand.

Further increases in the Australian and/or New Zealand cash rate may increase the cost of funding available to Prospa, which is a key variable cost of the business. An increase in the pricing of Prospa's loan products may reduce demand for these loans. Market risk, specifically interest rate and foreign exchange risk, can adversely impact Prospa's earnings. Prospa is exposed to interest rate risk because Prospa borrows funds at variable interest rates. The interest payable under its funding arrangements is linked to variable Benchmark Rates (in Australia, either BBSW or BBSY and in New Zealand, the BKBM). Where necessary, Prospa partly manages the risk using interest rate cap contracts held with other independent financial institutions with a credit rating of A3 or higher. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Prospa is exposed to foreign exchange risk through its New Zealand operations. To minimise this risk, Prospa has funded its New Zealand operations in local currency, restricting the exchange rate translation and transaction risk to Prospa's equity invested in the New Zealand operations. Prospa also pays certain overseas suppliers in foreign currency. However, payments made in foreign currency are not of significant value to have a material impact on Prospa's results.

One or a combination of these factors may have a material adverse effect on Prospa's business, financial condition, operating and financial performance and/or growth.

5.3.4 Strategy

Prospa plans to achieve growth by executing its strategies, which include achieving a high level of repeat customers, further penetration and activation of its distribution network (including the direct channel, intermediary and partner ecosystems), scaling operations in New Zealand and the launch and scaling of new products. There is no guarantee that all or any of Prospa's growth strategies will be successfully implemented, deliver the expected returns or ultimately be profitable. There is also a risk that the growth strategies may be subjected to unexpected delays and additional implementation costs.

Prospa's pricing strategy may also not result in the level of growth in business volume that it anticipates. Prospa may also fail to adopt and execute growth strategies that will enable it to successfully maintain or improve its product offering and match any change in customer preferences. Failure to do so could result in customers choosing Prospa's competitors for their requirements, which could have a materially adverse impact on Prospa's business, operating and financial performance, and/or growth.

Any change to Prospa's ability to achieve any or all of its growth strategies, or the market's perception of Prospa's ability to deliver growth to Prospa Shareholders, is likely to have a significant impact on Prospa's share price as well as Prospa's business, operating and financial performance and/or growth.

5.3.5 Legal and regulatory change

The financial services sector is undergoing a significant period of political and regulatory scrutiny and regulators are showing a heightened willingness to take action. Future changes to law or regulation, or potential changes to law or regulation which oblige industry participants to proactively change their business models, alter their funding arrangements or change their pricing disclosure, or regulator action against Prospa could have a material adverse effect on Prospa's business, financial position, operating and financial performance and/or growth.

Prospa's products are significantly influenced by government policy, regulations and industry-based codes of practice, which apply to the financial services and non-bank lending industries in

which Prospa operates. Prospa is exposed to compliance risk, being the risk of regulatory action or policy change resulting from a failure to abide by compliance obligations, which may negatively affect Prospa's financial position or reputation. In addition, any material new or altered law, regulation or policy which impacts Prospa's products could require Prospa to increase spending and employee resources on regulatory compliance and/or change its business practices, which could adversely affect Prospa's operations and profitability.

Regulations that could impact Prospa's business model

There are a number of regulatory developments that could impact Prospa, including the following.

- Prospa, along with other industry participants, has agreed to adhere to the Australian Finance Industry Association ('AFIA') Online Small Business Lenders Code, which outlines best practice principles and provides measures for standardising transparency and disclosure, including use of common lending terms and an easy-to-understand contract summary page. If Prospa fails to remain compliant with this code of conduct this may lead to adverse reputational and commercial consequences, as well as potential breach by Prospa of contractual obligations to the extent its customer contracts require compliance. Adherence to the industry code of conduct also requires Prospa to be a member of the Australian Financial Complaints Authority ('AFCA') and to therefore adhere to AFCA's guidance on various matters including its approach to lending to small business and settlement terms.
- The interpretation and application of the ASIC Act can also impact Prospa's business. It is unlawful to include certain contract terms that are 'unfair' under the ASIC Act and contravention of this rule may give rise to civil penalty proceedings.

Although the question of whether a particular loan term is unfair can ultimately only be determined by a court, there is a risk that ASIC could seek a court declaration that a contract term is unfair, or that customers could take legal action against Prospa arguing unfairness as a basis for avoiding certain terms of the loan contract.

Regulatory changes impacting funding

Prospa's financiers may be subject to regulatory changes which may adversely affect their ability to advance funding, increase the cost of funding, or increase the amount of capital they need to hold to advance that funding (including in respect of warehouse lines).

Prospa's competitors may also experience favourable regulatory changes to their funding arrangements which could result in increased competition for small business lending.

Prospa Advance Pty Ltd holds a limited Australian Financial Services Licence ('AFSL') for the purpose of performing the role of trust manager under the Financing Contracts and is therefore subject to any regulatory changes which may adversely affect its ability to perform this role.

5.3.6 Regulatory compliance

Prosopa's business activities are subject to laws and regulations including the *Financial Sector (Collection of Data) Act 2001* (Cth) ('FSCODA'), the unfair contract terms regime under the ASIC Act, the AML/CTF Act and the Privacy Act. Prosopa could face civil penalty proceedings, other legal or regulatory sanctions or reputational damage as a result of any failure to comply with applicable laws, regulations, or codes of conduct. A breach in any of these areas could result in fines or penalties and the payment of compensation to affected parties which could have a material adverse effect on Prosopa's business, financial condition, operating and financial performance, and/or growth.

5.3.7 Distribution

Prosopa currently has relationships with a significant number of Distribution Partners including Finance Brokers, aggregator networks, accountants and enterprise partners (in total representing approximately 73.4% of new and repeat loan originations in CY23). The majority of these relationships are not exclusive and many of these Distribution Partners are likely to also have relationships with competitors of Prosopa.

The success of Prosopa's business and its ability to maintain its existing loan volumes and grow its portfolio profitably heavily rely on Prosopa's ability to retain its existing key distribution relationships and maintain or increase the number of loans referred by each Distribution Partner.

Prosopa may not be able to retain its existing Distribution Partners (including because short term arrangements are not renewed), or may not be able to increase the number of Distribution Partners in its network, which may have a material adverse effect on Prosopa's business, financial condition, operating and financial performance, and/or growth. Reasons for this might include the type of products that the Distribution Partners want to distribute to their small business customers that Prosopa cannot provide, Distribution Partners signing up to exclusive arrangements with Prosopa's competitors, Prosopa's competitors achieving a higher share of the referred volume from Prosopa's current or targeted Distribution Partners or Prosopa's Distribution Partners seeking to insource the provision of loans and offer them from their own balance sheets.

An increase in competition for Distribution Partner volume between Prosopa and its competitors may result in higher commissions levels in market (measured as a percentage of the loan amount introduced), which may become uneconomic for Prosopa to match, and may reduce Prosopa's ability to write new loans profitably and have a material adverse effect on Prosopa's business, financial condition, operating and financial performance, and/or growth.

5.3.8 Portfolio performance and credit risk

Prosopa relies on its proprietary credit risk framework to define the appropriate credit processes, determine the reliance on the Credit Decision Engine ('CDE'), set appropriate parameters for its risk grades to assess credit risk, set pricing appropriate to those risk levels given the expected levels of default and monitor portfolio credit risk. While Prosopa expects to generate some losses in relation to its loan portfolio, the credit risk framework seeks to set these at a level where Prosopa continues to generate an appropriate return from its lending activities, funders remain comfortable with the level of risk in the portfolio and loan loss covenants in the funding arrangements are not triggered.

Credit risk is the risk of financial loss to Prosopa if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Prosopa has exposure to credit risk on all its

term loans and revolving facilities. To manage and mitigate credit risk, Prospa has developed a comprehensive credit risk framework and policies, which encompass all stages of the credit cycle – origination, evaluation, approval, documentation, settlement, ongoing administration, and collection activities. Prospa has established criteria for making small business lending decisions, which can vary by loan purpose, industry segment, past credit performance and cash flow. For larger exposures, Prospa reviews key financial risk ratios, including interest coverage, debt serviceability and balance sheet structure. The credit risk framework is designed in such a way that it allows for adequacy of lending controls and commercial flexibility in a closed feedback, approval, and communication loop. As such, the risk framework is designed to remain relevant and responsive to evolving external conditions. Prospa has loss-based funding covenants which, if triggered, may result in an Event of Default and withdrawal of that funding, and/or its cost of funding might increase substantially. A loss of funding may mean that Prospa needs to source alternate funding on terms which are economically less favourable to Prospa, which would in turn negatively impact Prospa's growth strategy and profitability.

5.3.9 Technology, including Cyber and IT Security

Prospa has invested and will continue to invest in having strong technological capability, systems and controls in keeping the data it holds secure and safe. Prospa is dependent on the effective performance, reliability and availability of its technology platforms, communications systems, the internet, and cloud-based hosting services through third-party providers. There remains a risk that a third-party provider may experience a security or data breach (including a cyber attack) which affects Prospa. For further information on risks associated with third party vendors, please see Section 5.3.15.

There is a risk that Prospa's security and technical precaution measures will not be sufficient to prevent unauthorised access to its systems. Operational or business delays, and damage to reputation, may result from any disruption or failure of Prospa's systems and product delivery platforms, which may be caused by events outside Prospa's control. This could lead to claims against Prospa by its customers, reduce the attractiveness of Prospa's products and services to its customers, partners, and subject Prospa to legal action, penalties and/or regulatory scrutiny and the potential termination of customer contracts.

Prospa's technology platform, proprietary CDE or product offering may also become obsolete or outdated through the investment of its peers in superior technology and/or product offerings, increased access to data through the introduction of positive credit reporting reforms or general market developments. This could necessitate Prospa to undertake further substantial investment in updating or improving its current technology platform and product offering, which could have a materially adverse impact on Prospa's business, operating and financial performance, and/or growth.

Prospa is undergoing a replatforming of its core loan management system which will include migration of customer and loan data to the new loan management system. There is a risk that errors and operational incidents may occur during the migration process which could have a material impact on Prospa's business, operating and financial performance, and/or growth.

5.3.10 Repeat customers

A significant driver of Prospa's growth is repeat customers who access additional funding following the initial loan, driving a lifetime value of that customer (that is, the value of the customer to Prospa over the entire relationship between Prospa and that customer) which is above and beyond that original loan written.

There is a risk that customer repeat levels may fall due to Prospa's customers moving to competitors for better terms or service or Prospa's intermediaries being offered better commission rates than those offered by Prospa encouraging the transfer of those customers to Prospa's competitors.

There is also a risk that over time Prospa may no longer have products which suit the market, or other products may enter the market which customers prefer.

Any decrease in the rate of repeat customers is likely to have a significant material adverse effect on Prospa's revenue and in turn its business, financial condition, operating and financial performance, and/or growth.

5.3.11 Intellectual property

Prospa has developed a proprietary technology platform, including the CDE, which is key to making informed assessments of credit risk and for the successful operation and growth of Prospa's business.

The commercial value of Prospa's intellectual property in the technology platform is dependent in part on operational procedures to maintain confidentiality and legal protections provided by a combination of copyright, trade secrecy laws, confidentiality obligations on employees and third parties and other intellectual property rights.

There is a risk that Prospa's intellectual property may be compromised in a number of ways, including:

- Prospa employees may breach operational procedures, or employees or third parties may breach confidentiality obligations, or infringe or misappropriate Prospa's intellectual property, compromising Prospa's competitive advantage;
- Prospa's third party vendors may gain insights into Prospa's intellectual property, including Prospa's proprietary systems, and use these findings to develop alternative technologies which compete with Prospa; and/or
- third parties may develop non-infringing competitive technology.

Any such breaches or competing technologies could erode Prospa's competitive position, including by compromising Prospa's ability to accurately assess a loan or increasing the time it takes Prospa to assess a loan, which could have a materially adverse impact on Prospa's business, operating and financial performance, and/or growth.

5.3.12 Reliance on third party vendors, information technology suppliers, and software and infrastructure providers

Prospa's business is dependent on maintaining relationships with key third party vendors, information technology suppliers, and software and infrastructure providers. For example:

- Prospa uses information from third party credit agencies (such as Equifax) in its credit assessment process;
- Prospa relies on the availability and accuracy of this information to make informed credit assessments of potential customers;
- Prospa uses a third-party software provider for electronic execution of loan agreements;

- Prospa uses third party software providers in its technology offering (such as Salesforce, which forms its core workflow system) which forms a critical component of Prospa's work flow processes;
- Prospa relies on the availability of this software to service customers and originate new loans;
- Prospa relies on multinational IT companies for data warehousing and cloud-hosting services, and consequently there are a range of potential operational issues which are outside its control; and
- Prospa relies on contracts with third party information technology suppliers to maintain and support its technology platform and customer interface.

Consequently, Prospa could face significant additional costs or business disruption if:

- any such supplier fails to enable Prospa to provide its customers with reliable, real-time access to its technology platform;
- a change in access to data services such as banks changing or restricting access to their customers' data via services such as Bank Statements, or credit reporting bodies such as Equifax changing the inputs relied upon by Prospa to make credit decisions; and/or
- Prospa's arrangements with such suppliers are terminated or altered in any way (including an increase in the cost of supply) that is detrimental to Prospa, and Prospa cannot find alternative sources of technology or systems on commercially reasonable terms or on a timely basis.

Operational or business delays

Any change or interruption to Prospa's key third party vendor and software and infrastructure provider relationships, or reduced accuracy or availability of their services may disrupt Prospa's business operations, necessitate Prospa to update its general business processes, replace their offering with a competitor or undertake investment to build its own service offering. Operational or business delays, damage to reputation and loss of customers, may result from any disruption of Prospa's systems and infrastructure, which may arise due to matters outside of Prospa's influence or control.

Inability to renew its contracts or renewal on less favourable terms

Prospa may be adversely affected by an inability to renew its contracts with key third party vendors and software and infrastructure providers, including contracts that contain clauses allowing the counterparty to terminate with 30-days written notice. As a consequence, Prospa may face an increased cost of doing business and a disruption in its ability to provide a simple and fast interface to its customers, including as a result of potentially having to source an alternate provider of such services, adversely impacting its business, financial performance and operations.

The majority of Prospa's existing IT supplier contracts in relation to the Prospa technology platform are based on the suppliers' standard terms and conditions. A number of suppliers maintain the right to amend their standard terms and conditions from time to time. The majority of the IT supplier contracts in relation to the technology platform are short term contracts, typically on rolling 12-month terms, month-by-month terms or open length terms. There can be no guarantee that Prospa will be able to renew any contract on similar or not less favourable terms. While some of these services could be replaced, other services are fundamental to the provision of Prospa's services and are highly integrated in, or form a core part of, Prospa's platform. As a

result, any change to the relationships with these third-party vendors, or software or infrastructure providers and the services they provide could have a materially adverse impact on Prospa's business, operating and financial performance, and/or growth.

5.3.13 Brand and/or reputation

Prospa relies heavily on its reputation in the day-to-day business activities. Prospa's brand and reputation are very important in attracting and retaining Distribution Partners (including financial intermediaries) and customers (through both direct and indirect distribution and employees). They are also very important to Prospa maintaining its existing funding arrangements and obtaining new funding.

Prospa manages risks relating to a number of issues and events, including risks relating to legal and regulatory requirements, responsible lending and sales practices, potential conflicts of interest, privacy laws and ethical issues, among other considerations. A failure to adequately manage these risks may cause harm to Prospa's brand, image or reputation through negative publicity, heightened regulatory focus, or negative Distribution Partner and customer experience.

Actions or failures by other market participants in the small business lending market, particularly non-bank lenders, could also negatively impact the reputation of the industry and Prospa which could diminish the size of the market for non-bank lending.

Any factors that diminish Prospa's brand and reputation may limit Prospa's ability to execute its growth strategy (including attracting and retaining new customers, and maintaining and increasing its funding) and any adverse perception on the part of investors, customers, Distribution Partners, counterparties, ratings agencies or regulators could have a materially adverse impact on Prospa's business, operating and financial performance, and/or growth.

5.3.14 Operational risks including conduct and business continuity

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events – either intentional or accidental. Prospa has in place a framework to allow for the identification, assessment, management, monitoring and reporting of operational risks. The framework helps inform, establish, and define policies, strengthen processes, test control effectiveness and drive improvement in the way Prospa manages and mitigates operational risks and obligations. Prospa also has in place a fit-for-purpose compliance framework that provides a strong foundation for all credit risk assessments and ongoing monitoring.

All applications are screened in accordance with Prospa's Anti-Money Laundering and Counter-Terrorism Financing Program (which covers counter-terrorism financing laws in Australia and countering finance of terrorism laws in New Zealand). Prospa pro-actively manages fraud risk through various fraud checks at the onboarding stage and continuous transaction monitoring throughout the customer lifecycle. Prospa continues to invest in operational risk capabilities to ensure we meet the evolving needs in a changing operating environment which now includes multiple products and two geographies.

Prospa manages all operational risk and compliance settings in accordance with its Board-approved Risk Appetite Statement via a dedicated Operational Risk & Compliance Team. This team regularly reports insights, incident detail and Internal Audit findings to Prospa Board's Audit & Risk Committee.

Prospa is exposed to operational risk and conduct risk arising from a number of factors, including human error, processing and communication errors and employees not carrying out their duties

responsibly. For example, there is a risk that a Prospa employee provides a customer with misleading communications in relation to the cost of their loan or their loan repayment options which could result in an unfair customer outcome. Failure of Prospa's controls and procedures to manage operational risk could cost Prospa business, result in reputational damage and potential litigation for Prospa and may have a materially adverse impact on Prospa's business, operating and financial performance, and/or growth.

Prospa may also suffer reputational and other damage as a result of misleading communications or other misconduct of third parties, such as referrers or brokers, even if not authorised by Prospa.

Prospa's financial, accounting, data processing, CDE and other operating systems and facilities may fail to operate or become partially disabled as a result of events that are wholly or partly outside Prospa's control. Such a failure could impact Prospa's ability to process a large number of loans on a daily basis, which the business is highly dependent on for generating revenue.

In addition, Prospa is exposed to the risk of loss resulting from pricing risk, credit risk, customer servicing risk, incorrect evaluation, record or accounting for loans, human error, breaches of Prospa's internal policies and regulations, breaches of security, theft and fraud and improper business practices. Prospa's inability to maintain business continuity in such a situation could materially adversely affect Prospa's business, financial condition, operating and financial performance and/or growth.

5.3.15 Liabilities in relation to funding vehicles, including with respect to originating, servicing, trustee, or trust management contracts

There is a risk that Prospa is required to repurchase loan assets from, or to contribute collateral equal to, the amount of loan assets into the warehouses and facilities provided under the Financing Contracts as a consequence of breaches of certain representations or obligations relating to those loan assets by Prospa, including with respect to eligibility of the assets to be held within the relevant facility under the terms of that arrangement. The cost of needing to incur such liabilities may impact Prospa's profitability and financial position and prospects.

Prospa also provides indemnities to the trustees of its funding vehicles in respect of losses arising from its negligence or breach of its origination, servicing obligations, and in respect of certain other matters. Should any such obligation or liability emerge, they may materially adversely affect Prospa's profitability and financial position and prospects.

5.3.16 Requirements for additional capital

As a growth oriented business, Prospa is likely to require additional debt and equity capital in the future to pursue business objectives and respond to business opportunities, challenges or unforeseen circumstances. There can be no guarantee that such capital will be available in a timely manner, on terms which are commercially reasonable to Prospa or at all. Any failure to obtain such capital when required or to only be able to obtain such capital on terms which are economically onerous for Prospa may impact Prospa's ability to execute its growth strategy and may reduce Prospa's profitability.

5.3.17 Fraud

Prospa is exposed to the risk that its customers, employees or partners may seek to commit fraud against Prospa or its customers. Fraudulent behaviours could include:

- customers undertaking identity theft, providing fraudulent information, misrepresenting their ability to service the loans or overstating the value of their collateral in order to obtain finance; or
- employees or partners, individually or in collusion with others, obtaining a financial or other benefit, for example, by submitting unauthorised loan applications.

There can be no assurance that Prospa's internal controls will prevent the incidence of fraud. Failure of Prospa's internal controls to detect fraud may result in damage to Prospa's reputation or standing with funding providers, significant costs associated with investigating and remediating the impacts of fraudulent behaviour, significant losses due to non-repayment of loan obligations, or damage to Prospa's ability to attract customers, each of which could have a materially adverse impact on Prospa's business, operating and financial performance, and/or growth.

5.3.18 Key personnel

The successful operation of Prospa relies on its ability to attract and retain experienced and high performing employees with specialist skills (including technology, distribution and credit risk assessment). Failure to attract and retain certain key employees may adversely affect Prospa's ability to execute its growth strategy, may result in a material increase in the costs of obtaining experienced and high-performing employees and could have a materially adverse impact on Prospa's business, operating and financial performance, and/or growth.

5.3.19 Potential litigation, claims and disputes

Prospa may be subject to litigation and other claims and disputes in the course of its business from time to time, including employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, or criminal or civil proceedings in the course of its business. Such litigation, claims and disputes, including the cost of settling claims or paying any fines, operational impacts and reputational damage, could materially adversely affect Prospa's business, operating and financial performance.

5.4 Risk factors relating to HoldCo Shares

This Section 5.4 sets out some of the specific risks relating to HoldCo Shares. You should read the Scheme Booklet in its entirety and also consider the factors contained within this Section 5.4 before making an Election to receive the Scrip Consideration. You should also note that this Section 5.4 is not an exhaustive list of the risks associated with an investment in HoldCo after implementation of the Scheme and that these risks may be outside the control of the BidCo Group or cannot be mitigated or only be partially mitigated by the BidCo Group.

5.4.1 Risks associated with an investment in HoldCo after implementation of the Scheme

Rolling Scheme Shareholders should consider a number of risks that can be broadly classified as risks specific to an investment in HoldCo after implementation of the Scheme and general risks relating to investing in unquoted securities. These risks may, individually or in combination, have a material adverse effect on any one or more of HoldCo's future financial performance, financial position, cash flows or, distributions and your ability to dispose of HoldCo Shares and impact the outcome of your investment in HoldCo and the value of your HoldCo Shares.

Rolling Scheme Shareholders should also carefully consider these factors in the light of your personal circumstances and seek professional advice from your accountant, tax adviser, stockbroker, legal adviser or other professional adviser before deciding whether to make an Election to receive the Scrip Consideration. There is no guarantee that the BidCo Group will

achieve its stated objectives or any of its statements of current future intent as described in Section 4.9, or that any dividends or distributions will be paid to Scheme Shareholders after implementation of the Scheme.

Further information about the risks associated with an investment in the Scheme is detailed in Section 5.4.2.

5.4.2 Risks specific to HoldCo and HoldCo Shares after implementation of the Scheme

(i) Liquidity risk

HoldCo, after implementation of the Scheme, will be an unlisted public company. As such, there will be no public market for the trading of HoldCo Shares after implementation of the Scheme, nor is there expected to be any such market in the future. Additionally, there are restrictions on the disposal of HoldCo Shares under the HoldCo Shareholders' Deed that will restrict any prospective seller of HoldCo Shares from trading in their HoldCo Shares. This will result in HoldCo Shares being substantially illiquid. This may also affect the value of HoldCo Shares after implementation of the Scheme as well as HoldCo Shareholders' ability to dispose of them, either at all or in a timely manner.

As noted above, there are also substantial restrictions on the ability for HoldCo Shareholders to transfer their HoldCo Shares under the HoldCo Shareholders' Deed. A summary of the key terms of the HoldCo Shareholders' Deed are set out in Section 4.7 and the HoldCo Shareholders' Deed has been provided at Annexure 5.

(ii) HoldCo Shareholders' Deed, HoldCo Constitution and Nominee Deed

Prospera Shareholders who receive HoldCo Shares under the Scheme will become parties to the HoldCo Shareholders' Deed, HoldCo Constitution and, if applicable, Nominee Deed pursuant to the terms of the Scheme. These documents are intended to govern the relationship between the HoldCo Shareholders and future investors in HoldCo. The HoldCo Shareholders' Deed provides HoldCo Shareholders in HoldCo with certain rights and obligations in connection with, amongst other things, the governance of HoldCo and rights relating to the disposal of HoldCo Shares.

A summary of certain terms of the HoldCo Shareholders' Deed, HoldCo Constitution and Nominee Deed applicable to HoldCo Shareholders are set out in section 4.7 and the HoldCo Constitution, HoldCo Shareholders' Deed and Nominee Deed have been provided at Annexure 4, Annexure 5 and Annexure 6, respectively.

(iii) Dilution

HoldCo may propose to raise capital through the issue of new HoldCo Shares in the future, for example in order to meet any operating or financing requirements of itself or Prospera, or may issue HoldCo Shares to employees or officers under a company incentive scheme undertaken in accordance with the HoldCo Constitution and the HoldCo Shareholders' Deed. Future capital raisings, equity funded acquisitions by the BidCo Group or the issuance of new HoldCo Shares may dilute the holdings of particular HoldCo Shareholders relative to other HoldCo Shareholders.

(iv) Board rights attaching to HoldCo Shares

Under the terms of the HoldCo Shareholders' Deed, any HoldCo Shareholder holding at least 10% of HoldCo Shares is entitled to appoint, remove and replace 1 HoldCo director in respect of each 10% of HoldCo Shares held by that HoldCo Shareholder (up to a maximum of 2 HoldCo directors).

Directors acting unanimously have the right to appoint, remove and replace any eligible person to be a director, either in addition to the existing directors or to fill a casual vacancy. If the HoldCo Board contains the maximum number of directors when a HoldCo Shareholder exercises their rights to appoint, the office of the director last appointed by the HoldCo directors (or other such director as determined by the HoldCo Board) becomes vacant immediately prior to the appointment of that HoldCo Shareholder appointment.

Each HoldCo Shareholder holding at least 5% of total number of HoldCo Shares on issue may appoint 1 observer to attend each meeting of the HoldCo Board. The observer is not entitled to vote or participate at meetings of the HoldCo Board. The chairperson of the HoldCo Board is appointed or replaced from the directors by the HoldCo Shareholders.

Prospra Shareholders who receive HoldCo Shares under the Scheme will have more limited voting rights under the HoldCo Shareholders' Deed as compared to their position currently as Prospra Shareholders. An individual HoldCo Shareholder or group of HoldCo Shareholders, acting together (other than the Consortium Members), will not be able to affect the governance of HoldCo (subject to certain reserved matters and percentage holdings which entitle HoldCo Shareholders to greater rights (see summary of the key terms relating to the HoldCo Shareholder Deeds at Section 4.7)). Prospra Shareholders who receive HoldCo Shares under the Scheme will therefore, in most cases, be subject to the decisions made by the majority shareholders eligible to vote in HoldCo in relation to HoldCo and BidCo as a wholly owned subsidiary of HoldCo.

Further information relating to the voting rights of HoldCo Shareholders is set out in Section 4.7.

5.5 Risk factors that may prevent the Scheme from becoming Effective or being implemented

5.5.1 Regulatory approval delays

The Scheme is subject to a number of Conditions Precedent and the Condition Subsequent being satisfied or waived (where capable of waiver), including Court approval, Prospra Shareholder approval for both the Resolutions and FIRB approval. These conditions are summarised in Section 6.4(b) and set out in full in section 3.1 of the Scheme Implementation Deed. The failure of a Condition Precedent or the Condition Subsequent to be satisfied or waived (where capable of waiver) may also give rise to a right of either Prospra or BidCo to terminate the Scheme Implementation Deed.

There is a risk that regulatory approvals may not be obtained, or may be obtained subject to conditions upon which BidCo and/or Prospra (as applicable) are not prepared to accept such that the Scheme does not proceed, or that some or all of the aspects of the Conditions Precedent are delayed.

As far as practicable, the Independent Board Committee will attempt to obtain a degree of confidence with regards to any Conditions Precedent or regulatory approvals which are within its control prior to the Scheme Meeting.

5.5.2 Change of control consent requirements

A number of contracts to which members of the Prospra Group are a party (including leases and financing arrangements) may contain change of control provisions that have been or will, or may if certain conditions occur, be triggered by entry into the Scheme Implementation Deed, the Scheme, the acquisition of Prospra Shares by BidCo on the implementation of the Scheme or the

delisting of Prospa. Such provisions may allow the counterparty to, variously, demand immediate or earlier repayment of borrowed monies or review, adversely modify or terminate the relevant contract or seek damages, injunctive relief or specific performance in respect of breaches of these contracts as a result of or in connection with the Scheme.

It is a Condition Precedent to the Scheme that Prospa obtain the consent of iPartners under the Prospa OpCo Facility Agreement and the counterparties under the Financing Contracts. The Scheme will not proceed unless these consents are obtained or either Prospa and BidCo agree to waive the Condition Precedent (in respect of the Prospa OpCo Facility Agreement) or BidCo waives the Condition Precedent (in respect of the Financing Contracts). This Condition Precedent has been satisfied.

However, Prospa is aware of a number of additional consent requirements in relation to leases and material contracts (other than the Financing Contracts) that have been or will, or may if certain conditions occur, be triggered by the Scheme. Whilst the Scheme Implementation Deed requires Prospa to provide reasonable assistance to BidCo to obtain such consents, the Scheme may still proceed even if not all consents have been obtained. If a counterparty to another contract were to refuse to provide consent to the proposed change of control, seek to terminate or renegotiate a contract, or seek damages, injunctive relief or specific performance in respect of any breach of such contract, this may, individually or in aggregate, have an adverse effect on the ability to successfully implement the Scheme or the future prospects of the Merged Group.

5.5.3 Implications for Prospa and Prospa Shareholders if the Scheme is not implemented

If the Scheme is not implemented, Prospa Shareholders will not receive the Scheme Consideration and Prospa will continue, in the absence of a Superior Proposal, to operate as an ASX listed entity.

Unless Prospa Shareholders choose to sell their Prospa Shares on the ASX, Prospa Shareholders will continue to hold Prospa Shares and will be exposed to both the risks and the potential future benefits in retaining exposure to Prospa's business and assets.

The Prospa Share price will also remain subject to market volatility and may fall in the absence of a Superior Proposal.

5.5.4 Tax consequences for Scheme Shareholders

If the Scheme becomes Effective, there will be tax consequences for Prospa Shareholders which may include tax being payable. For further detail regarding general Australian tax consequences of the Scheme, refer to the Tax Implications set out in Section 7. The tax consequences may vary depending on the nature and characteristics of Prospa Shareholders and their specific circumstances. Accordingly, Prospa Shareholders should seek professional tax advice in relation to their individual circumstances.

6. Additional information concerning the Scheme

6.1 Directors' interests

As at the Last Practicable Date:

- no Director holds, or has any interest in, securities of BidCo or any BidCo Group Member;
- there has been no dealing by any of the Directors in any Prospa securities (including Shares, rights and options) in the past four months; and
- there has been no dealing by any of the Directors in any securities of any form in BidCo or any BidCo Group Member in the past four months.

(a) Interests of Directors in Prospa securities

The following table shows the Relevant Interest of each Director in Prospa securities as at the Last Practicable Date.

Name of Director	Number of Prospa Shares held directly or indirectly	Number of Performance Rights ¹⁸	Number of Options
Gail Pemberton AO (Chair)	373,320	-	484,571
Fiona Trafford-Walker	47,719	-	344,147
Mary Ploughman	50,000	-	293,615
Aviad Eyal	2,970,914	-	255,317
Gregory Moshal	25,210,175	528,150	1,029,487
Beaumont Bertoli	9,809,644	528,150	1,029,487

(f) Interests and dealings of Directors in securities of BidCo or any BidCo Group Member

No Director has a Relevant Interest in any securities in BidCo or any BidCo Group Member.

¹⁸ Including only unvested performance rights.

(g) Payments or other benefits to Directors, secretaries or executive officers of Prospa

In connection with the Scheme, and as permitted in accordance with rule 8.3(g) of the Prospa Constitution, the Board resolved to pay additional fees to Directors on the Independent Board Committee as a result of the extensive additional work carried out by those Directors in connection with the Scheme in an amount equal to a 50% increase in their total directors' fees (being base fees plus any applicable committee chair fees) for the period from 27 February 2024 (being the date the Scheme Implementation Deed was entered into) until the Implementation Date (inclusive). The fees are not conditional upon approval of Prospa Shareholders of the Resolutions or otherwise conditional on implementation of the Scheme.

The Independent Board Committee has, at the Last Practicable Date, met more than 15 times since formation in August 2023 and the Board considered special exertion awards to the Independent Non-Executive Directors as members of the Independent Board Committee in the context of that workload and other similar transactions in the market.

Except as set out below or otherwise disclosed in this Scheme Booklet:

- there is no payment or other benefit that is proposed to be made or given to any Director, secretary or executive officer of Prospa (or any of its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Prospa or any of its Related Bodies Corporate as a consequence of or in connection with the Scheme and no Director, secretary or executive officer of Prospa (or any of its Related Bodies Corporate) has had or is to have the amount of any payment or benefit which may be made to them upon their loss of office or retirement from office materially affected by the Scheme;
- the Directors do not have any other interests in a contract entered into by BidCo or any BidCo Group Member;
- there are no agreements or arrangements between a Director and any person in connection with or conditional upon the outcome of the Scheme; and
- the Directors do not have a material interest in relation to the Scheme.

6.2 Agreements or arrangements with Directors

It is intended that following implementation of the Scheme, HoldCo would welcome ongoing participation of the existing executive director of Prospa Gregory Moshal who will become the HoldCo Group CEO and a HoldCo Director, in accordance with and subject to the terms of the HoldCo Shareholders' Deed (see Sections 4.5(a) and 4.6). As at the Last Practicable Date, the arrangements for Gregory Moshal's remuneration as HoldCo Group CEO have not yet been determined or agreed. The Independent Board Committee understands that Gregory Moshal's future long term incentives will be designed to ensure that he is no better or worse off than under the current Prospa Equity Incentive Plan.

It is intended that following implementation of the Scheme, HoldCo would welcome ongoing participation of the existing executive director of Prospa Beaumont Bertoli who will become the HoldCo Group Chief Revenue Officer and a HoldCo Director, in accordance with and subject to the terms of the HoldCo Shareholders' Deed (see Sections 4.5(a) and 4.6). As at the Last Practicable Date, the arrangements for Beaumont Bertoli's remuneration as HoldCo Group Chief Revenue Officer have not yet been determined or agreed. The Independent Board Committee understands that Beaumont Bertoli's future long term incentives will be designed to ensure that he is no better or worse off than under the current Prospa Equity Incentive Plan.

6.3 Deeds of indemnity, insurance and access

Prospa and certain Prospa Group Members have entered into deeds of indemnity, insurance and access with the directors and certain officers of Prospa, on customary terms (**D&O Deeds**). The D&O Deeds include terms that provide for the relevant Prospa Group Member to indemnify each of its directors against any liability incurred by such person in their capacity as director of that company.

Prospa also pays a premium in respect of a directors and officers insurance policy for the benefit of the directors and executive officers of the Prospa Group. BidCo has undertaken in favour of Prospa and each other Prospa Indemnified Party that it will, subject to the Scheme becoming Effective and Transaction completing, procure that Prospa and each other Prospa Group Member comply with the D&O Deeds and use its best endeavours to ensure that directors' and officers' run-off insurance cover for these directors and officers is maintained for a period of seven years from the retirement date of each director and officer.

The Scheme Implementation Deed affords Prospa the discretion to, prior to the Implementation Date, enter into arrangements to secure and pay for run-off insurance for up to such seven-year period, such event not being a Regulated Event. Prospa intends to obtain such run-off insurance for all Directors and certain officers between the date of this Scheme Booklet and the Implementation Date. As at the Last Practicable Date, Prospa estimates that the cost of obtaining this insurance to be \$1.2 million (not including GST and fees).

6.4 Agreements in connection with the Scheme

(a) Scheme

The proposed Scheme under Part 5.1 of the Corporations Act between Prospa and Prospa Shareholders, as generally summarised in this Scheme Booklet, is included in Annexure 2, subject to any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by Prospa, BidCo and HoldCo.

(b) Scheme Implementation Deed

On 27 February 2024, Prospa, BidCo and HoldCo entered into a Scheme Implementation Deed which sets out the rights and obligations of Prospa, BidCo and HoldCo in connection with the implementation of the Scheme, including an obligation for Prospa to propose the Scheme. The Scheme Implementation Deed was amended by agreement of the parties on 7 June 2024. The key terms of the Scheme Implementation Deed are summarised in this Section 6.4(b). A full copy of the Scheme Implementation Deed may be obtained by calling Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia) or from Prospa's website: <https://investor.prospa.com/investor-centre/>. The Shareholder Information Line is open Monday to Friday from 8.30am to 5.30pm (Sydney time), excluding public holidays.

I. Conditions Precedent

Implementation of the Scheme is subject to a number of conditions which must be satisfied or waived (where capable of waiver) before the Scheme can become Effective. Those conditions are set out in clause 3.1 of the Scheme Implementation Deed and are summarised as follows. Each party is under an obligation to use reasonable endeavours to procure that the Conditions Precedent for which they are responsible are satisfied as soon as practicable after the date of the Scheme Implementation Deed or not triggered (where relevant).

- (A) **ASIC and ASX:** before 5.00pm on the Business Day before the Second Court Date, ASIC and the ASX issue or provide all reliefs, waivers, confirmations, exemptions, consents or approvals, and have done all other acts, necessary, or which Prospa and BidCo agree are desirable, to implement the Scheme and such reliefs, waivers, confirmations, exemptions, consents, approvals or other acts (as the case may be) remain in full force and effect in all respects and have not been withdrawn, revoked, suspended, restricted or amended (or become subject to any notice, intimation or indication of intention to do any such thing) before 8.00 am on the Second Court Date;
- (B) **FIRB approval:** before 5.00pm on the Business Day before the Second Court Date, to the extent that either:
- (i) the acquisition of the Scheme Shares by BidCo under the Transaction; or
 - (ii) the acquisition of the Scrip Consideration under the Scheme by any Prospa Shareholder which has made an Election to receive the Scrip Consideration under the Scheme by the Election Time,
- (in each case a **Relevant Acquisition**) would, in the absence of one of the following outcomes, be prohibited under the **Foreign Acquisitions and Takeovers Act 1975** (Cth) (**FATA**), one of the following has occurred in respect of each such Relevant Acquisition:
- (iii) written notice under the FATA, by or on behalf of the Treasurer of the Commonwealth of Australia (**Treasurer**) has been received by BidCo or the relevant Prospa Shareholder (as applicable) advising that the Commonwealth government has no objection to the Relevant Acquisition either unconditionally or on terms that are acceptable to BidCo or the relevant Prospa Shareholder (as applicable), acting reasonably;
 - (iv) the Treasurer becomes precluded by the passage of time from making an order or decision under Division 2 of Part 3 of the FATA in relation to the Relevant Acquisition and the Relevant Acquisition is not prohibited by section 82 of the FATA; or
 - (v) where an interim order is made under section 67 of the FATA in respect of the Relevant Acquisition, the subsequent period for making an order or decision under Part 3 of the FATA elapses without the Treasurer making such an order or decision;
- (C) **Shareholder approval:**
- (i) the Prospa Shareholders (other than Excluded Shareholders) approve the Scheme Resolution at the Scheme Meeting by the requisite majorities;
 - (ii) the Prospa Shareholders approve the General Meeting Resolutions at the General Meeting by the requisite majorities;
- (D) **Minimum Election Condition:** Prospa Shareholders (including any Shares held by BidCo Group Members) holding at least 73.30% of the Prospa Shares on issue on the Scheme Record Date make (or are deemed to have made) Elections for the Scrip Consideration;
- (E) **Independent Expert:** the Independent Expert issues a report that concludes that the Scheme is in the best interests of Prospa Shareholders before the time when

the Scheme Booklet is registered by ASIC and does not adversely change or qualify its conclusion or withdraw its report before 8.00 am on the Second Court Date;

- (F) **Court approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (G) **iPartners lending arrangements:** Prospa and iPartners enter into binding documentation to:
 - (i) allow up to \$12 million in funds drawn under the Prospa OpCo Facility Agreement to be utilised for the purpose of Prospa on-lending these funds to BidCo in order to partly fund the Aggregate Cash Consideration; and
 - (ii) document iPartners' consent to the change of control arising from the Transaction; and
 - (iii) document iPartners' undertaking to forbear from enforcing any of its rights under the Prospa OpCo Facility Agreement and other Finance Documents in the period from (and including) the Business Day prior to the Second Court Date until (and including) the Implementation Date), and

the funds from the Prospa OpCo Facility Agreement remaining available to Prospa as at 8.00am on the Second Court Date.

Prospa and iPartners entered into such binding documentation detailed in (i)-(ii) above with respect of the iPartners lending arrangements prior to the Last Practicable Date;

- (H) **Restraints:** prior to 8.00am on the Second Court Date, no court of any competent jurisdiction or Australian Government Agency has issued or announced that it has taken steps to issue an order, injunction, decision, decree, action, investigation or application in consequence of, or in connection with, the Scheme which restrains, prohibits or otherwise materially adversely affects (or could reasonably be expected to restrain, prohibit or otherwise materially adversely affect) the Scheme, completion of the Transaction or the rights of BidCo in respect of Prospa or the Prospa Shares to be acquired under the Scheme unless no longer effective or enforceable by 8.00am on the Second Court Date;
- (I) **No Prospa Prescribed Occurrence:** no Prospa Prescribed Occurrence occurs between (and including) the date of the Scheme Implementation Deed and 8.00am on the Second Court Date;
- (J) **No Prospa Regulated Event:** no Prospa Regulated Event occurs between (and including) the date of the Scheme Implementation Deed and 8.00am on the Second Court Date;
- (K) **No Prospa Material Adverse Change:** no Prospa Material Adverse Change occurs between (and including) the date of the Scheme Implementation Deed and 8.00am on the Second Court Date; and
- (L) **Financing Contract Consents:** Prospa has received the written consent from the relevant counterparties to each Financing Contract to the Transaction and the change of control of Prospa resulting from the Transaction (including where necessary, any associated waivers, approvals or confirmations under the terms of the relevant Financing Contract), such consent being unconditional or subject only to conditions reasonably acceptable to BidCo.

The Financing Contract Consents condition precedent has been satisfied.

II. Debt financing

Subject to the approval of Prospa Shareholders (other than Excluded Shareholders) at the General Meeting, Prospa has agreed to on-lend up to \$12 million from its debt financing facility with iPartners, that is the Prospa OpCo Facility, to BidCo in order to partly fund the Aggregate Cash Consideration. The final amount of iPartners Funding will be up to \$12 million and depend on the number of Elections for the Cash Consideration and will be the Aggregate Cash Consideration less the Equity Financing Amount (being \$7,814,827).

If the Scheme is approved and proceeds, the obligation to repay the Prospa OpCo Facility will remain with Prospa OpCo and therefore will sit within the new HoldCo Group following the change of control. If the Scheme does not proceed, the Prospa OpCo Facility will need to be repaid in full on its termination date.

The Independent Board Committee considers this is an appropriate use of the Prospa OpCo Facility as it will help to ensure that Prospa Shareholders can access the Cash Consideration if they so choose.

III. Conduct of business

Clause 5.5 of the Scheme Implementation Deed sets out the obligations Prospa must comply with from the date of the Scheme Implementation Deed up to and including the Implementation Date with respect to the conduct of its businesses. Among other things, Prospa is obliged to:

- (A) conduct its businesses and operations, and cause each other Prospa Group Member to conduct its respective business and operations, in the ordinary and usual course substantially consistent with the manner in which each such business and operations were conducted immediately prior to the date of the Scheme Implementation Deed, and regularly keep BidCo informed of the conduct of its business;
- (B) not enter into any line of business or other activities in which the Prospa Group is not engaged as of the date of the Scheme Implementation Deed;
- (C) ensure that no Prospa Prescribed Occurrence and no Prospa Regulated Event occurs; and
- (D) make all reasonable efforts, and procure that each other Prospa Group Member makes all reasonable efforts, to:
 - (i) preserve and maintain the value the businesses and assets of the Prospa Group;
 - (ii) keep available the services of the directors, officers and employees of each member of the Prospa Group; and
 - (iii) maintain and preserve its relationships with Government Agencies, customers, suppliers and others having business dealings with any Prospa Group Member; and
- (E) use reasonable endeavours to ensure (to the extent within its power) that no event of default, default or review event (however defined) occurs under the Prospa OpCo Facility Agreement in the period from the date of the Scheme Implementation Deed until the Implementation Date.

IV. Representations and warranties

BidCo and Prospa, under clause 7 of the Scheme Implementation Deed, have each given representations and warranties to the other, customary for a transaction of this nature.

V. Reimbursement fee arrangements – Prospa payment

Clause 11 of the Scheme Implementation Deed sets out the circumstances with respect to which Prospa has agreed to pay a reimbursement fee of \$600,000 (exclusive of GST) to BidCo (**Reimbursement Fee**). The Reimbursement Fee will be payable if BidCo has terminated the Scheme Implementation Deed and the Transaction does not complete and:

- (A) a Competing Proposal of any kind is announced during the Recommendation Period and, within 12 months of the date of such announcement, the proponent completes a Competing Proposal which results in the proponent (directly or indirectly) acquiring control of or merging with Prospa;
- (B) during the Recommendation Period, the majority of Independent Board Committee Members withdraw, adversely change, adversely modify or adversely qualify their support of the Scheme or General Meeting Resolutions or their recommendation that Prospa Shareholders (other than Excluded Shareholders) vote in favour of the Scheme or General Meeting Resolutions or fails to recommend that Prospa Shareholders (other than Excluded Shareholders) vote in favour of the Scheme or fails to vote, or procure the voting of, any Prospa Shares in which they have a Relevant Interest at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting and the General Meeting Resolutions at the General Meeting, or recommends, supports or endorses a Competing Proposal, subject to certain exceptions;
- (C) during the Recommendation Period, a majority of Independent Board Committee Members recommend that Prospa Shareholders (other than Excluded Shareholders) accept or vote in favour of, or otherwise make a public statement supporting or endorsing a Competing Proposal that is announced (whether or not such proposal is stated to be subject to any pre-conditions) during the Recommendation Period; or
- (D) BidCo terminates the Scheme Implementation Deed for a material breach (including a breach of representation or warranty) of the Scheme Implementation Deed by Prospa.

No Reimbursement Fee is payable as a result of the Scheme or General Meeting Resolutions not being approved by the requisite majority of Prospa Shareholders at the Scheme Meeting or General Meeting.

VI. Reverse reimbursement fee arrangements – BidCo payment

Clause 12 of the Scheme Implementation Deed sets out the circumstances with respect to which BidCo has agreed to pay a reverse reimbursement fee of \$600,000 (exclusive of GST) to Prospa (**Reverse Reimbursement Fee**). The Reverse Reimbursement Fee will be payable if Prospa terminates the Scheme Implementation Deed for a material breach (including a breach of representation or warranty) of the Scheme Implementation Deed by BidCo, or where BidCo does not provide or procure the provision of the Scheme Consideration in accordance with the terms of the Scheme Implementation Deed, the Scheme and the Deed Poll.

BidCo's total liability under the Scheme Implementation Deed is capped at the amount of the Reverse Reimbursement Fee and BidCo will not be required to pay (and will be entitled to a

refund to the extent that it has already paid) the Reverse Reimbursement Fee if the Scheme becomes Effective, notwithstanding the occurrence of any of the trigger events set out above.

No Reverse Reimbursement Fee is payable as a result of the Scheme or General Meeting Resolutions not being approved by the requisite majority of Prospa Shareholders at the Scheme Meeting or General Meeting.

VII. Termination rights

Clause 13 of the Scheme Implementation Deed sets out the termination rights of each party. These are summarised below.

VIII. Termination by BidCo, HoldCo or Prospa

BidCo, HoldCo or Prospa may terminate the Scheme Implementation Deed by written notice to each other party if:

- (A) at any time before 8.00am on the Second Court Date:
 - (i) in relation to a termination by BidCo, Prospa has materially breached the Scheme Implementation Deed; or
 - (ii) in relation to a termination by Prospa, BidCo or HoldCo has materially breached the Scheme Implementation Deed, other than in respect of a breach of a representation or warranty, if the party or parties entitled to terminate have provided written notice to the party or parties in breach and such breach is not remedied within five Business Days (or any shorter period ending at 5.00pm on the Second Court Date);
- (B) at any time before 8.00am on the Second Court Date, the Court or another Government Agency (including any other court) has taken any action permanently restraining or otherwise prohibiting or preventing the Transaction, or has refused to do anything necessary to permit the Transaction to be implemented by the End Date, and the action or refusal has become final and cannot be appealed or reviewed;
- (C) there is a failure of satisfaction of a Condition Precedent in the time required by the Scheme Implementation Deed and the parties are unable to reach agreement within 5 Business Days to proceed with the Scheme following good faith negotiations; or
- (D) if the Effective Date for the Scheme has not occurred, or will not occur, on or before the End Date; or
- (E) if Prospa's Shareholders (other than Excluded Shareholders) have not agreed to the Scheme at the Scheme Meeting by the requisite majorities.

IX. Termination by BidCo or HoldCo

BidCo or HoldCo may terminate the Scheme Implementation Deed at any time before 8.00am on the Second Court Date if:

- (A) a Prospa Material Adverse Change, Prospa Regulated Event or a Prospa Prescribed Occurrence occurs between the signing of the Scheme Implementation Deed and 8.00am on the Second Court Date); or
- (B) a majority of the Independent Board Committee fail to recommend the Scheme, withdraw, adversely change or qualify their recommendation that Prospa Shareholders (other than Excluded Shareholders) vote in favour of the Scheme or otherwise make a public statement indicating that they no longer supports the Scheme or recommend, support or endorse another transaction (including any

Competing Proposal but excluding a statement that no action should be taken by Prospa Shareholders pending the assessment of a Competing Proposal by the Prospa Board), other than where any Independent Board Committee Member is required or requested by a court or government Agency to do so; or

- (C) Prospa fails to ensure that:
 - (i) by no later than 8.00am on the Business Day prior to the Second Court Date, it has available in a bank account held by a Prospa Group Member cash amounts (on an unconditional basis) equal to the OpCo Contribution; and
 - (ii) by no later than the Business Day which is 2 Business Days prior to the Implementation Date, deposit or cause to be deposited into the Trust Account the OpCo Contribution; or
- (D) Prospa has failed to deal with the Prospa Equity Incentives in the manner agreed with BidCo on the date of the Scheme Implementation Deed or otherwise fails to procure a waiver from the ASX from rule 6.23 of the Listing Rules or otherwise shareholder approval for the treatment of Prospa Equity Incentives; or
- (E) BidCo or HoldCo have given notice to Prospa of a breach of a Prospa Representation and Warranty stating an intention to terminate or allow the Scheme to lapse, the relevant breach continues to exist 5 Business Days (or any shorter period ending at 5.00pm on the Second Court Date) later and the relevant breach is material in the context of the Scheme as a whole.

X. Termination by Prospa

Prospa may terminate the Scheme Implementation Deed at any time before 8.00am on the Second Court Date if:

- (A) a majority of the Independent Board Committee has changed, withdrawn, modified or qualified its recommendation due to:
 - (i) the Independent Expert providing a report to Prospa that concludes that the Scheme is not in the best interest of Prospa Shareholders (other than Excluded Shareholders);
 - (ii) Prospa receiving a Superior Proposal;
 - (iii) a requirement or request by a court or Government Agency that one or more Independent Board Committee Member abstains or withdraws from making a recommendation that Prospa Shareholders (other than Excluded Shareholders) vote in favour of the Scheme after the date of the Scheme Implementation Deed; or
 - (iv) the relevant Independent Board Committee Member(s) have determined, after receiving written legal advice from reputable external legal advisers, that the relevant Independent Board Committee Member(s), by virtue of their directors' duties, are required to change, withdraw or modify their recommendation,

and if applicable, Prospa has paid the Reimbursement Fee to BidCo; or

- (B) Prospa is unable to comply with its obligations to make the OpCo Contribution available to BidCo, despite having complied with its obligations to use all reasonable

- endeavours to satisfy any conditions imposed by iPartners on using the funds for the purposes of funding the OpCo Contribution; or
- (C) Prospa has given notice to BidCo or HoldCo of a breach of a BidCo Representation and Warranty or HoldCo Representation and Warranty stating an intention to terminate or allow the Scheme to lapse, the relevant breach continues to exist 5 Business Days (or any shorter period ending at 5.00pm on the Second Court Date) later and the relevant breach is material in the context of the Scheme as a whole.

(h) Deed Poll

BidCo and HoldCo have executed the Deed Poll which requires them to perform their obligations under the Scheme, including the obligation to provide the Scheme Consideration to each Scheme Shareholder, subject to the Scheme becoming Effective. A copy of the Deed Poll is included in Annexure 3.

6.5 Overview of Prospa's long term incentive plans

Since Prospa's IPO in 2019, Prospa has operated various incentive plans under which performance rights and options are offered to Directors, senior executives and key employees as an incentive to align their interests with those of Prospa Shareholders.

Accordingly, Directors, senior executives and key employees have previously received, and have on foot, a number of existing incentive arrangements that will be impacted by the Scheme (depending on the relevant terms of grant of those incentive).

In particular, as at the Last Practicable Date, Prospa had on issue:

- 11,312,814 performance rights; and
- 7,087,805 options.

(a) Treatment of Prospa Equity Incentives

Performance rights

Prospa operates a number of long term incentive plans and employee share plans under which Performance Rights are offered to senior executives and certain employees. Each Performance Right entitles the holder to be allocated one Prospa Share, subject to the satisfaction of certain conditions.

In accordance with the applicable plan rules, the Prospa Board will determine that, if the Scheme becomes Effective, all Performance Rights which have not vested and, where required, been validly exercised by the Effective Date (anticipated to be 11,183,438 Performance Rights) will lapse for no consideration and therefore there will not be any accelerated vesting of any Performance Rights. This will cover all Performance Rights on issue, other than any Performance Rights which vest and, where required, are exercised in accordance with their current terms by the Effective Date. If a Performance Right vests and, where required is validly exercised in accordance with its current terms (and has not otherwise lapsed) by the Effective Date, Prospa will (unless the employee specifically requests 'cash settlement') issue that employee one Prospa Share for each such Performance Right (anticipated to be 129,376 Performance Rights). The Scheme Shares that BidCo acquires on the Implementation Date will include these Prospa Shares (regardless of whether the employee has sold them on market in the intervening period). No Performance Rights of key management personnel are due to vest or be exercised between the date of this Scheme Booklet and the Effective Date.

The Prospa Board considers this to be the appropriate course of action having regard to the fact that Prospa and BidCo have agreed that, if the Scheme becomes effective, BidCo will put in place a new long term incentive plan following the Implementation Date. Details of the proposed BidCo's intentions in this regard are set out in Section 4.9.

Options

Prospa historically operated certain long term incentive plans under which Options were offered to Directors, senior executives and certain key employees. Each Option entitled the holder to be allocated one Prospa Share, subject to the satisfaction of certain conditions.

In accordance with the applicable plan rules, the Prospa Board will determine that, if the Scheme becomes Effective, all Options which have not become exercisable or not validly exercised by the participant by the Effective Date will lapse for no consideration and therefore there will be no accelerated vesting of any Options. This will cover all Options on issue as at the Effective Date. It is not expected that any Options of key management personnel will vest between the date of this Scheme Booklet and the Effective Date.

The Prospa Board consider this to be the appropriate course of action having regard to the fact that all Options are, and have been for some time, 'out of the money' and, to date, a number of key performance hurdles have not been met.

(b) Trustee voting intentions and exercise of Elections

Prospatarian Pty Ltd (ACN 609 751 224) ('Trustee') is trustee of the Prospa Equity Incentive Plans trust. The Trustee holds certain allocated Prospa Shares on trust for participants and unallocated Prospa Shares pursuant to the various Prospa Equity Incentive Plan rules and trust deed. In accordance with the trust deed, the Prospa Board has declared that participants are permitted to direct the Trustee by written notice as to how to vote their Prospa Shares on the Resolutions and whether to make an Election in respect of those Prospa Shares. In respect of any unallocated Prospa Shares held by the Trustee, the Prospa Board has directed the Trustee to abstain from voting on the Resolutions and making an Election (noting that it is not anticipated that the Trustee will be holding any unallocated Prospa Shares on the Implementation Date).

If the Scheme becomes Effective, any Prospa Shares held by the Trustee under the Prospa Equity Incentive Plans will be acquired by BidCo under the terms of the Scheme with the Trustee making Elections in accordance with the directions of the Participants (if any). If a Participant fails to direct the Trustee or if any Prospa Shares are unallocated, no Election will be made in respect of those Prospa Shares and the relevant Prospa Shares will be acquired for the Cash Consideration.

6.6 Consents

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- BidCo in respect of BidCo Information only;
- Nuwaru in respect of the Tax Implications set out in Section 7; and
- Kroll as the Independent Expert.

Each of those parties named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the Last Practicable Date.

In addition, the following parties have given and have not, before the time of registration of this Scheme Booklet by ASIC, withdrawn their written consent to be named in this Scheme Booklet in the form and context in which they are named:

- GRIM, Tubbin, Grangeford, Jaspar and Salter Brothers Tech Fund as Consortium Members;
- Herbert Smith Freehills as Australian legal adviser to the Independent Board Committee;
- RTG Capital Partners as financial adviser to the Independent Board Committee;
- Nuwaru as tax adviser to Prospa;
- Kroll as Independent Expert; and
- Link Market Services Limited as the Prospa Registry.

6.7 Disclaimers

Each person referred to in Section 6.6:

- has not authorised the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet other than those statements made in the capacity and to the extent the person has provided its consent, as referred to in Section 6.6; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Scheme Booklet other than as described in Section 6.6.

6.8 Transaction costs

Each of the persons named in this Scheme Booklet as performing a function in a professional or advisory capacity in connection with the Scheme and with the preparation of this Scheme Booklet will be entitled to fees charged in accordance with their normal basis for charging.

If the Scheme is implemented, Prospa expects to pay an aggregate of approximately \$3.3 million (excluding GST) in transaction costs, which includes fees and expenses or professional services paid or payable and other fees and expenses associated with the Court proceedings, Scheme Booklet design, printing and distribution, convening.

If the Scheme is not implemented, Prospa expects to pay an aggregate of approximately \$1.4 million (excluding GST) in transaction costs, being costs that have already been incurred as at the Last Practicable Date or will be incurred even if the Scheme is not implemented (but excluding any break fee that may be payable).

These fees and transaction costs do not include the fees and transaction costs that may be incurred by the Consortium or the BidCo Group in relation to the Scheme.

6.9 Status of regulatory conditions

The implementation of the Scheme is subject to various approvals, consents or relief being obtained from various regulatory authorities. As at the date of lodgement of this Scheme Booklet with ASIC for registration, Prospa, BidCo and HoldCo have applied for all of the regulatory approvals, consents or relief which they consider are necessary or desirable for the purposes of implementing the Scheme.

6.10 ASIC relief

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations required an explanatory statement to set out whether, within the knowledge of the Directors, the financial position of Prospa has materially changed since the date of the last balance sheet before Prospa Shareholders in accordance with section 314 or 317 of the Corporations Act, being 30 June 2023. ASIC has made an in-principle decision to grant Prospa relief from this requirement so that this Scheme Booklet only need set out whether, within the knowledge of the Directors, the financial position of Prospa has materially changed since 31 December 2023 (being the last date of the period to which the financial statements for the half-year ended 31 December 2023 relate).

6.11 No unacceptable circumstances

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

6.12 Supplementary information

Prospa will issue a supplementary document to this Scheme Booklet upon becoming aware of any of the following between the date of lodgement of this Scheme Booklet with ASIC for registration and the Second Court Date:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had been known at the date of lodgement of this Scheme Booklet with ASIC for registration.

Depending on the nature and the timing of the changed circumstances and subject to obtaining any relevant approvals, Prospa may, in addition to releasing the supplementary information on the ASX, circulate and publish any supplementary document by any one or more of the following methods:

- placing an advertisement in a newspaper which is circulated generally throughout Australia;
- posting the supplementary document on Prospa’s website at prospa.com; or
- distributing the supplementary document to all Prospa Shareholders.

6.13 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Scheme Booklet, so far as the Directors are aware, there is no other information material to the making of a decision in relation to whether or not to vote in favour of the Scheme being information that is within the knowledge of a Director that has not previously been disclosed to Prospa Shareholders.

7. Taxation implications for Scheme Shareholders

7.1 General overview

This Section 7 sets out a general summary of the key Australian income tax, goods and services tax ('GST') and stamp duty consequences of the Scheme for Scheme Shareholders. The purpose of the summary is to assist Prospa Shareholders to understand the potential Australian tax consequences of being Scheme Shareholders.

This summary is based on the Australian tax laws, regulations, interpretations of such laws and regulations, and administrative practices in effect as at the date of the Scheme Booklet. The laws are complex and subject to change periodically, as is their interpretation by the courts and tax authorities.

The tax information contained within this Scheme Booklet is of a general nature and is not, nor is it intended to be, taxation advice, and cannot be relied upon as such. Prospa Shareholders must take full and sole responsibility for the consequences of the Scheme becoming Effective and should seek their own independent professional tax advice that takes into account their individual circumstances.

This summary provides an outline of the principal Australian tax consequences relating to the Scheme, being:

- the Australian income tax consequences of the disposal of Prospa Shares under the Scheme;
- certain Australian tax implications of being issued HoldCo Shares; and
- certain stamp duty and GST implications.

This summary applies to Australian tax resident and non-resident shareholders who hold their shares on capital account for Australian income tax purposes. However, this summary will not apply to Prospa Shareholders who:

- hold their Prospa Shares as trading stock, as part of a profit-making undertaking or scheme, under an arrangement which qualifies as an employee share or rights plan for Australian tax purposes, or otherwise on revenue account;
- are subject to the Taxation of Financial Arrangements provisions under Division 230 of the ***Income Tax Assessment Act 1997*** (Cth) in relation to capital gains or losses on their Prospa Shares;
- are financial institutions, insurance companies, partnerships, tax exempt organisations, dealers in securities or shareholders who change their tax residency while holding shares and are subject to special tax rules;
- are 'temporary residents' as that term is defined in section 995-1 of the ***Income Tax Assessment Act 1997*** (Cth);
- are not tax residents for Australian income tax purposes and who hold their Prospa Shares as an asset of a permanent establishment in Australia;
- are not tax residents for Australian income tax purposes who, together with their associates, hold 10% or more of the shares in Prospa; or
- are subject to the Investment Manager Regime under Subdivision 842-I of the ***Income Tax Assessment Act 1997*** (Cth).

This summary does not consider the application of the tax laws of jurisdictions other than Australia. Accordingly, Prospa Shareholders who may be subject to tax in any jurisdiction outside of Australia should obtain independent professional taxation advice on their own particular circumstances.

7.2 Class Ruling

Prospa has lodged a Class Ruling application with the ATO seeking the Commissioner of Taxation's view on specific Australian income tax implications for Prospa Shareholders of implementing the Scheme as outlined in this Section 7. It is expected that a final draft of the Class Ruling confirming CGT Rollover Relief is available to Australian resident shareholders otherwise making a capital gain will be received prior to the Implementation Date. Shareholders making a capital loss cannot choose CGT Rollover Relief and will need to account for the capital loss in the year that it is incurred.

The final Class Ruling has not been issued by the ATO as at the Last Practicable Date and will only be available following the Implementation Date. When published, the Class Ruling will be available at www.ato.gov.au and Prospa will make an ASX announcement in respect of its publication. Prospa Shareholders should review the final Class Ruling when it is issued by the ATO.

Subject to receiving the Class Ruling, Prospa expects that the income tax implications for Prospa Shareholders are as described below. However, no assurance can be given as to the content of the Class Ruling.

7.3 Australian Tax Residents

Australian Capital Gains Tax ('CGT')

The disposal of Prospa Shares by a Prospa Shareholder who is an Australian tax resident will constitute a CGT event for Australian income tax purposes. The CGT event will occur when the change of ownership of the Prospa Shares occurs, i.e. on the Implementation Date.

Prospa Shareholders will:

- make a capital gain if the capital proceeds (see below) from the disposal of their Prospa Shares is greater than the cost base of the Prospa Shares (subject to the application of CGT Roll-over Relief discussed below); or
- make a capital loss if the capital proceeds (see below) from the disposal of their Prospa Shares is less than the reduced cost base of their Prospa Shares.

Prospa Shareholders who make a capital gain upon disposal of their Prospa Shares will be required to include the net capital gain (if any) for the income year in their assessable income, unless they Elect to receive the Scrip Consideration and choose CGT Rollover Relief (see Section 7.4 below).

Prospa shareholders who make a capital loss upon the disposal of their Prospa Shares will be required to account for the net capital loss in the year in which it occurs (irrespective of whether they receive the Cash Consideration or the Scrip Consideration). Scheme Shareholders that Elect the Scrip Consideration and make a capital loss are not entitled to CGT Rollover Relief.

Capital losses can only be deducted against capital gains arising in the same or a subsequent financial year. There are specific rules with regards to the offset and carry forward of capital losses and Scheme Shareholders should seek professional advice for their individual circumstances.

Capital Proceeds

The capital proceeds for the CGT event arising upon disposal of Prospa Shares under the Scheme should include the Scheme Consideration. The value of the capital proceeds consists of the Cash Consideration for Scheme Shareholders choosing the Cash Consideration. The market value for Prospa Shareholders choosing the Scrip Consideration is equal to the market value of the HoldCo Shares that are exchanged for Prospa Shares.

Cost base

The cost base and reduced cost base of Prospa Shares will generally include the amount paid to acquire the Prospa Shares and the market value of any property given to acquire the Prospa Shares, plus any incidental costs of acquisition (e.g. brokerage fees and stamp duty). However, the cost base of each Prospa Share will depend on the specific circumstances of each Prospa Shareholder – for example, if a Prospa Shareholder acquired their Prospa Shares as scrip consideration in a previous scheme of arrangement, and they previously were entitled to and chose CGT Rollover Relief in relation to the exchange of their original shares, the cost base of their Prospa Shares should generally be the cost base of their original shares exchanged for Prospa Shares. This could be the case for shareholders that acquired their Prospa Shares when Prospa was first listed on the ASX and Prospa Advance Pty Ltd shares were exchanged for shares in Prospa Group Limited.

Prospa Shares acquired in different transactions may have different cost bases and therefore capital gains may arise in respect of some Prospa Shares, while capital losses may arise in respect of other Prospa Shares.

CGT Discount

Prospa Shareholders who are Australian residents, other than a company, may treat a capital gain as a discount capital gain on the disposal if the shares were held for at least 12 months.

The discount percentage is applied to the amount of the capital gain after offsetting any current year or carried forward capital losses. The applicable CGT discount is as follows:

- 50% for individuals and trusts;
- 33 ⅓% for a complying superannuation fund.

As the rules relating to discount capital gains for trusts are complex, Prospa recommends that Prospa Shareholders who are trustees seek their own independent advice on how the CGT discount provisions will apply to them and the trust's beneficiaries.

Companies are not entitled to obtain CGT discount treatment in respect of any capital gain arising on disposal of their Prospa Shares.

7.4 Scrip for Scrip Rollover Relief

Shareholders that choose the Scrip Consideration, and who would otherwise have made a capital gain, may choose CGT Rollover Relief and disregard any capital gain in respect of Prospa Shares that were exchanged for HoldCo Shares. Only Prospa Shareholders that hold their Prospa Shares on capital account, that is, they were not held as revenue assets or as trading stock, may choose CGT Rollover Relief and so disregard the capital gain. Shareholders making a capital loss cannot choose CGT Rollover Relief and will need to account for the capital loss in the year that it is incurred.

Consequences of choosing Scrip for Scrip Rollover Relief

The capital gain that relates to the exchange of Prospa Shares for HoldCo Shares may be disregarded.

The cost base and reduced cost base of each PGL HoldCo Share that is received is calculated by reasonably attributing to it the cost base and reduced cost base of the Prospa Shares for which it was exchanged. This can be done by dividing the aggregate cost base of all Prospa Shares held by the number of HoldCo Shares received. As the Prospa Shares will be exchanged for HoldCo Shares on a one for one basis (where the Scrip Consideration is chosen), the cost base of each exchanged Prospa Share may be used as the cost base of each new HoldCo Share received.

The acquisition date for each replacement HoldCo Share will be the acquisition date(s), or deemed acquisition date(s), of each Prospa Share that is exchanged. Where a shareholder acquired their Prospa Shares in exchange for their original shares and obtained CGT Rollover Relief, the acquisition date will be deemed to be the acquisition date of the shareholder's original shares. This could be the case for shareholders that acquired their Prospa Shares when Prospa was first listed on the ASX and Prospa Advance Pty Ltd shares were exchanged for shares in Prospa Group Limited.

The benefit of choosing CGT scrip for scrip rollover relief will depend upon the individual circumstances of each Prospa Shareholder.

Choosing Rollover Relief

Generally, a choice to adopt scrip for scrip rollover relief must be made by a Prospa Shareholder before lodgement of that Prospa Shareholder's income tax return for the income year in which the CGT event occurs.

No formal election notice to choose scrip for scrip rollover relief is required to be lodged with the ATO. The Prospa Shareholder's income tax return should, however, be prepared in a manner consistent with electing scrip for scrip rollover relief.

Consequences of not choosing Rollover Relief

Prospa Shareholders who are ineligible to choose CGT scrip for scrip rollover, or elect not to choose it, will be assessed on any capital gain derived upon disposal of their Prospa Shares.

The first element of the cost base or reduced cost base of the HoldCo Shares received in consideration for the disposal of Prospa Shares should be equal to the market value of those Prospa Shares on the date the HoldCo Shares are issued.

The acquisition date of the HoldCo Shares should be the issue date. This will be relevant for the purposes of determining whether a Prospa Shareholder has held the HoldCo Shares for at least 12 months and as such eligible for the CGT discount in relation to a subsequent disposal of HoldCo Shares.

Shareholders that make a capital loss must account for the loss in the year in which it occurs.

7.5 Consequences of choosing the Cash Consideration

Shareholders that choose the Cash Consideration, or who are not eligible to choose the Scrip Consideration, must account for any capital gain or capital loss in the income year in which the disposal of their Prospa Shares occurs.

7.6 Implications for Foreign resident shareholders

CGT Implications

Prosopa Shareholders who are non-Australian tax residents that derive a capital gain upon disposal of their Prosopa Shares under the Scheme should not generally be subject to the Australian CGT unless the Prosopa Shares are held in the course of the non-resident carrying on a business through a permanent establishment in Australia. A non-resident may also be subject to Australian CGT where they dispose of an asset characterised as ‘taxable Australian property’. This would be the case in relation to a non-resident shareholder in an Australian company if:

- they (together with any of their associates) hold 10% or more of shares on issue (at the time of disposal or throughout a 12-month period during the two years before disposal); and
- the majority of the company’s assets consist of real property situated in Australia.

Prosopa does not have the majority of its assets consisting of real property, and therefore any capital gain or loss derived by non-Australian tax residents should be disregarded (unless held through a permanent establishment in Australia). Prosopa Shareholders who are non-Australian tax residents should seek their own independent tax advice as to the tax implications of the Scheme, including the tax implications in their country of residence.

Foreign Resident capital gains withholding tax

As the Prosopa Shares held by Scheme Shareholders are not ‘taxable Australian property’, the foreign resident capital gains withholding regime should not apply.

Accordingly, the regime should not operate to require BidCo to withhold an amount of the Scheme Consideration that is to be paid to the Scheme Shareholders that are not tax residents of Australia.

Scheme Shareholders that are not tax residents of Australia (particularly those holding a 10% or greater interest in Prosopa) should seek independent professional taxation advice in this regard.

7.7 Tax Implications Bare Trust / Nominee Arrangement

In terms of the Scheme of Arrangement, HoldCo Shares that are issued as the Scrip Consideration may be issued in the name of a Nominee as bare trustee, and for the absolute benefit of Scheme Shareholder(s), unless the Rolling Scheme Shareholder is entitled to and has opted for a Direct Holding of its HoldCo Shares. In accordance with the Nominee Deed, the Nominee will hold the HoldCo Shares on bare trust for each of the Eligible Prosopa Shareholders who make an Election for the Scrip Consideration (other than Rolling Scheme Shareholders who are entitled to and have opted for a Direct Holding of its HoldCo Shares) who will be absolutely entitled to the underlying shares, as beneficiary, as though they held the shares directly in HoldCo. A copy of the Nominee Deed is at Annexure 6.

The implication of this is that dividends that may be paid accrue to the beneficiary of the HoldCo Share as if those shares were held directly by the beneficiary. The beneficiary of the dividend is required to include the dividend income in their tax return and is entitled to claim any franking credits attached to it.

Similarly, should the nominee dispose of the HoldCo Shares held for the beneficiary, the beneficiary will be treated for CGT purposes as if they disposed of the HoldCo Shares themselves, and will derive a capital gain or incur a capital loss accordingly.

7.8 GST

The sale of Prosopa Shares by the Prosopa Shareholders and the acquisition of HoldCo Shares (where relevant) should not give rise to any adverse GST implications. Where the Prosopa Shareholder is not registered or required to be registered for GST, the sale will be outside the scope of the GST. Otherwise,

the sale of the securities and acquisition of the HoldCo Shares will be an input taxed financial supply. Where this is the case, the Prospa Shareholder should obtain independent advice in relation to whether there is an ability to claim any input tax credits for the costs (such as legal or professional fees) associated with the disposal of the securities and acquisition of the HoldCo Shares.

7.9 Stamp duty

Prospa Shareholders should not be liable for Stamp Duty on the implementation of this Scheme of Arrangement.

7.10 Changed company status from listed To Private Company

HoldCo has indicated that upon implementation, it is intended that Prospa will be delisted from the ASX and converted to a proprietary company limited by shares. Although HoldCo will be a public company for the purposes of the Corporations Act, HoldCo and each of its subsidiaries will be private companies for tax purposes. There should be no immediate tax implications arising from this change for Prospa Shareholders that Elect the Scrip Consideration. However, going forward the potential application of Division 7A of ITAA 1936 that deals with benefits provided to shareholders in private companies will need to be considered should any such benefits be provided.

8. Glossary

The following defined terms used throughout this Scheme Booklet have the meaning set out below unless the context otherwise requires.

Term	Meaning
ABS Issuance	an issuance of asset-backed securities.
AFCA	the Australian Financial Complaints Authority.
Affiliate	<p>with respect to any person, any other person that directly or indirectly controls, is controlled by or is under common control with, such first person.</p> <p>For the purposes of this definition, ‘control’ (including, the terms ‘controlling’ ‘controlled by’ and ‘under common control with’), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that person, whether through the ownership of voting securities, by contract or otherwise.</p>
AFIA	the Australian Finance Industry Association.
AFSL	an Australian Financial Services Licence.
Aggregate Scrip Consideration	the aggregate of all the Scrip Consideration payable to Scheme Shareholders under the Scheme (taking into account all Elections made by the Election Time and the terms of the Scheme Implementation Deed and the Scheme).
Aggregate Cash Consideration	the aggregate of all the Cash Consideration payable to Scheme Shareholders under the Scheme (taking into account all Elections made by the Election Time and the terms of the Scheme Implementation Deed and the Scheme).
Amortisation Event	an amortisation event under any Financing Contract, as that term is defined in the relevant Financing Contract.
Appointing Beneficiary	Scheme Shareholders entitled to receive the Scrip Consideration under the Scheme and who will have their HoldCo Shares held on bare trust by the Nominee, pursuant to the terms of the HoldCo Constitution, HoldCo Shareholders’ Deed and Nominee Deed, except those Rolling Scheme Shareholders who are entitled to and have opted for Direct Holdings of their HoldCo Shares.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASIC Act	the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ATO	the Australian Taxation Office.
BBSW	the Bank Bill Swap Rate.
BBSY	the Bank Bill Swap Bid Rate.
Benchmark Rate	the benchmark lending rates used in the Financing Contracts, including BBSW and BBSY.
Beneficial Shares	has the meaning given in section 4.7.2.
BidCo	Salkbridge Pty Ltd ACN 675 264 356.
BidCo Group	HoldCo and each of its Subsidiaries, and a reference to a BidCo Group Member or a member of the BidCo Group is to HoldCo or any of its Subsidiaries.
BidCo Group Shareholding	the 8,055,329 Prospa Shares held by the Excluded Shareholders.
BidCo Information	<p>the information regarding the BidCo Group, the Merged Group and the HoldCo Shares, provided by or on behalf of BidCo to Prospa in writing for inclusion in this Scheme Booklet, being:</p> <ol style="list-style-type: none"> 1 the answers to questions ‘Who are BidCo, HoldCo and the Consortium?’, ‘What are BidCo’s intentions if the Scheme is implemented?’, ‘What is the HoldCo Shareholders Deed?’ and ‘What are the nominee arrangements?’; 2 section 4, except for the information set out in column 2 of the table as set out in Section 4.3.2 titled ‘Prospa historical balance sheet as at 31 December 2023’ which has been extracted from Prospa’s auditor reviewed half year financial report as at 31 December 2023, as set out in Section 3.6.4; 3 section 5.4.

Term	Meaning
	For the avoidance of doubt, the BidCo Information excludes the Prospa Information, any information provided by Prospa to BidCo or obtained from Prospa's public filings on the ASX regarding the Prospa Group contained in, or used in the preparation of, the information regarding the Merged Group, the Independent Expert's Report, any investigating accountant's report and any description of the taxation effect of the Transaction on Scheme Shareholders prepared by an external adviser to Prospa.
BidCo Representations and Warranties	the representations and warranties of BidCo set out in Part 1 of Schedule 3 of the Scheme Implementation Deed.
BKBM	bank bill market rate.
Business Day	a business day as defined in the Listing Rules.
Cash Consideration	\$0.45 per Prospa Share.
CDE	Credit Decision Engine.
CGT Rollover Relief	roll-over relief in respect of CGT as that term is used in the <i>Income Tax Assessment 1997</i> (Cth).
Claim	<p>any claim, demand, legal proceedings or cause of action (including any claim, demand, legal proceedings or cause of action:</p> <ol style="list-style-type: none"> 1 based in contract, including breach of warranty; 2 based in tort, including misrepresentation or negligence; 3 under common law or equity; or 4 under statute, including the Australian Consumer Law (being Schedule 2 of the <i>Competition and Consumer Act 2010</i> (Cth) (CCA)) or Part VI of the CCA, or like provision in any state or territory legislation), <p>in any way relating to this deed or the Transaction, and includes a claim, demand, legal proceedings or cause of action arising under an indemnity in this deed.</p>
Competing Proposal	<p>any proposal, offer, expression of interest, agreement, arrangement or transaction, which, if entered into or completed substantially in accordance with its terms, would result in a Third Party (either alone or together with any Associate):</p> <ol style="list-style-type: none"> 1 directly or indirectly acquiring a Relevant Interest in, or having the right to acquire, a legal, beneficial or economic interest (including by way of an equity swap, contract for

Term	Meaning
	<p>difference or other derivative, or similar transaction or arrangement) in, or control of, 20% or more of the Prospa Shares;</p> <ol style="list-style-type: none"> 2 directly or indirectly acquiring Control of Prospa; 3 directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of: <ul style="list-style-type: none"> – all or a material part of the business conducted by the Prospa Group; or – any material assets of the Prospa Group taken as a whole; 4 requiring Prospa to abandon, or otherwise fail to proceed with, the Transaction; or 5 otherwise directly or indirectly acquiring or merging with Prospa, <p>whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement, recapitalisation, refinancing or other transaction or arrangement.</p>
Condition Precedent	each of the conditions set out in clause 3.1 of the Scheme Implementation Deed.
Condition Subsequent	the condition subsequent described in Section 2.3(b) as set out in clause 4.3 of the Scheme.
Consortium	<p>the consortium comprising:</p> <ol style="list-style-type: none"> 1 GRIM ; 2 Tubbin; 3 Grangeford; 4 Jaspar; and 5 Salter Brothers Tech Fund, <p>who in aggregate hold 4.96% Prospa Shares as at the Last Practicable Date.</p>
Consortium Agreement	the consortium agreement by and among the Consortium, BidCo and HoldCo, dated on or around the 26 February 2024, governing of the relationship between the parties for the purposes of progressing, negotiating and implementing the Scheme.
Consortium Member	the members of the Consortium and each a Consortium Member.
Corporations Act	the <i>Corporations Act 2001</i> (Cth), as modified or varied by ASIC.

Term	Meaning
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by BidCo and Prospa.
CY	a calendar year.
D&O Deeds	the deeds of indemnity, insurance and access between the directors and certain officers of Prospa and Prospa and certain Prospa Group Members entered into on customary terms.
Deed Poll	a deed poll in the form of Annexure 3 under which BidCo, HoldCo and Prospa covenant in favour of the Scheme Shareholders to perform their obligations under the Scheme.
Director	director of Prospa.
Direct Holding	a HoldCo Shareholding of a HoldCo Shareholder who will either be issued at least 1,000,000 HoldCo Shares on the Implementation Date or is otherwise an Appointing Beneficiary (defined in Section 4.8) with a beneficial interest in at least 1,000,000 HoldCo Shares on or after the Implementation Date, and whose HoldCo Shares are held in their own name in accordance with the following sentence. Such a HoldCo Shareholder will be entitled to provide a written notice to HoldCo directing HoldCo to issue the HoldCo Shares to itself (if notice is provided at least 2 Business Days prior to the Implementation Date) or directing the Nominee to transfer the HoldCo Shares in which it has a beneficial interest into its own name (if notice is provided after that time), provided such transfer does not result in HoldCo exceeding 50 members.
Direct Holding Notice	has the meaning provided in clause 5.4(c) of the Scheme.
Disclosure Letter	a letter identified as such provided by Prospa to BidCo and countersigned by BidCo prior to entry into the Scheme Implementation Deed.

Term	Meaning
Distribution Partners	the network of finance brokers, aggregator networks, online affiliates and other advisers used by Prospa to facilitate referrals and customer acquisitions across Australia and New Zealand.
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
Election	a valid election by a Scheme Shareholder (other than an Ineligible Foreign Shareholder) to receive either the Cash Consideration or the Scrip Consideration in respect of each Scheme Share held by that Scheme Shareholder and Elect and Elect have corresponding meanings.
Election Form	the form of election under which a Scheme Shareholder (other than an Ineligible Foreign Shareholder or Excluded Shareholder) is offered the opportunity to make an Election. An Election Form is attached to this Booklet. Alternatively, Eligible Prospa Shareholders are able to make an Election online at https://investor.prospa.com/scheme/ .
Election Time	5.00 pm on Monday, 29 July 2024, or such other date as agreed in writing between BidCo and Prospa.
Eligible Prospa Shareholder	Prospa Shareholders who are eligible to make an Election, being those Prospa Shareholders who are not Ineligible Foreign Shareholders or Excluded Shareholders.
Encumbrance	a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.
End Date	30 November 2024, or such other date as agreed in writing by the parties.
Equity Commitment	has the meaning provided in Section 4.6.2.
Equity Commitment Letter	The equity commitment letter by and among GRIM, Grangeford, Jaspar and the Salter Brothers Tech Fund, dated 26 February 2024, providing the terms of the Equity Financing Amount and the Reverse Reimbursement Fee.

Term	Meaning
Equity Financing Amount	\$7,814,827.
Event of Default	an event of default under any Financing Contract, as that term is defined in the relevant Financing Contract.
Excluded Shareholder	BidCo or any Prospa Shareholder who is a member of the Consortium.
Fairly Disclosed	a reference to 'Fairly Disclosed' means disclosed to BidCo or any of its Related Persons, to a sufficient extent, and in sufficient detail, so as to enable a reasonable buyer experienced in transactions similar to the Transaction and experienced in a business similar to any business conducted by the Prospa Group, to identify the nature and scope of the relevant matter, event or circumstance.
FATA	the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth).
Financial Indebtedness	any debt or other monetary liability (whether actual or contingent) in respect of monies borrowed or raised or any financial accommodation including under or in respect of any: <ol style="list-style-type: none"> 1 bill, bond, debenture, note or similar instrument; 2 acceptance, endorsement or discounting arrangement; 3 guarantee; 4 finance or capital lease; 5 agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or 6 obligation to deliver goods or provide services paid for in advance by any financier.
Financing Contracts	the contracts that relate to the five warehouse trusts and two term asset backed securitisations that are outstanding and that are non-recourse funding facilities that support the funding of Prospa's business lending across Australia and New Zealand.
FIRB	the Foreign Investment Review Board.
FSCODA	the <i>Financial Sector (Collection of Data) Act 2001</i> (Cth).
FY	a financial year.

Term	Meaning
General Meeting	a general meeting of Prospa to be held virtually at 3.00pm (Sydney time) on Tuesday, 16 July 2024.
General Meeting Resolutions	<p>the following resolutions that are to be put to Prospa Shareholders (other than Excluded Shareholders) at the General Meeting:</p> <ol style="list-style-type: none"> 1 a resolution approving for the purposes of section 260A(1)(b) and section 260B of the Corporations Act, subject to the Scheme becoming Effective, the giving of financial assistance by Prospa to BidCo; and 2 a resolution approving for the purposes of Part 2E.1 of the Corporations Act, subject to the Scheme becoming Effective, the giving of a financial benefit by Prospa to BidCo; and 3 any other resolutions that may be required under the Corporations Act or by the ASX pursuant to the Listing Rules to implement the Transaction, <p>in each case, in the form approved by BidCo acting reasonably.</p>

Term	Meaning
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
Grangeford	Grangeford Holdings Pty Ltd ACN 624 106 636 as trustee for the Grangeford Investment Trust.
GRIM	GRIM Enterprises Pty Ltd ACN 109 235 823.
HoldCo	PGL HoldCo Limited ACN 673 816 816.
HoldCo Board	the board of directors of HoldCo.
HoldCo Constitution	the constitution of HoldCo in the form set out in Annexure 4 (subject to any variation or amendment consented to by Prospa, with such consent not to be unreasonably withheld or delayed).
HoldCo Representations and Warranties	the representations and warranties of HoldCo set out in Part 2 of Schedule 3 of the Scheme Implementation Deed.
HoldCo Shareholder	each person who is registered as the holder of a HoldCo Share in the HoldCo register from time to time.
HoldCo Shareholders' Deed	the shareholders' deed in respect of HoldCo to be entered into by the shareholders of HoldCo, among others, on the terms agreed between the parties and in the form set out in Annexure 5.
HoldCo Shares	fully paid ordinary shares in the capital of HoldCo (each having the rights set out in the HoldCo Constitution, HoldCo Shareholders' Deed and Nominee Deed, as applicable) and HoldCo Share means any such share.
HoldCo Share Register	the register of members of HoldCo maintained in accordance with the Corporations Act.

Term	Meaning
Implementation Date	Thursday, 8 August 2024, or such other date after the Scheme Record Date as the parties agree in writing.
Independent Board Committee	the independent board committee establishing for the purpose of considering the Transaction and other proposals and an Independent Board Committee Member means any director of Prospa who is a member of the Independent Board Committee.
Independent Expert	the independent expert in respect of the Scheme appointed by Prospa.
Independent Expert's Report	the report to be issued by the Independent Expert in connection with the Scheme, setting out the Independent Expert's opinion whether or not the Transaction is in the best interest of Prospa Shareholders (other than Excluded Shareholders) and the reasons for holding that opinion.
Ineligible Foreign Shareholder	a Scheme Shareholder whose address shown in the Prospa Share Register is a place outside Australia or New Zealand where HoldCo is under no obligation to allot or issue the Scrip Consideration unless HoldCo determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New HoldCo Shares when the Scheme becomes Effective.
Insolvency Event	<p>in relation to an entity:</p> <ol style="list-style-type: none"> 1 the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity; 2 a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets; 3 the entity executing a deed of company arrangement; 4 the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of the Scheme Implementation Deed; 5 the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation) or is otherwise presumed to be insolvent under the Corporations Act unless the entity has, or has access to, committed financial support from its parent entity such that it is able to pay its debts; or 6 the entity being deregistered as a company or otherwise dissolved.
Inter-Company Loan Agreement	the loan agreement by and among BidCo, Prospa and Prospa OpCo, dated 26 February 2024, in relation to the OpCo Contribution.

Term	Meaning
iPartners	iPartners Nominees Pty Ltd as trustee for the Prospa Secured Corporate Loan Series 1 Sub Trust.
iPartners Funding	the amount Prospa OpCo has drawn down and Prospa has agreed to on-lend to BidCo from Prospa's existing debt financing facility with iPartners under the terms of the Prospa OpCo Facility Agreement.
iPartners Condition Precedent	the condition precedent set out in clause 3.1(f) of the Scheme Implementation Deed.
ITAA 1936	<i>Income Tax Assessment Act 1936</i> (Cth).
Jaspar	Jaspar Investments Pty Ltd ACN 102 327 462 as trustee for the Jaspar Discretionary Family Trust.
Kroll	Kroll Australia Pty Ltd.
Last Practicable Date	30 May 2024.
Listing Rules	the official listing rules of the ASX.
Meetings	the Scheme Meeting and General Meeting, together.
Meetings Record Date	5.00pm (Sydney time) on Sunday, 14 July 2024 or such other time and date as the parties agree in writing or is ordered by the Court or required by ASX.
Merged Group	the combination of the BidCo Group and the Prospa Group, as comprised by HoldCo and its Subsidiaries following implementation of the Scheme.
Minimum Election Condition Precedent	the condition precedent at clause 3.1(c) of the Scheme Implementation Deed requiring Prospa Shareholders having made Elections for Scrip Consideration in respect of Prospa Shares which (together with any Prospa Shares held by a BidCo Group Member, including the BidCo Group Shareholding) comprise at least 73.30% of the Prospa Shares on issue at the Scheme Record Date

Term	Meaning
New HoldCo Share	a fully paid ordinary share in HoldCo to be issued to Scheme Shareholders who Elect, or are deemed to have Elected, to receive the Scrip Consideration under the Scheme.
Nominee	Perpetual Nominees Limited ACN 000 733 700.
Nominee Deed	the nominee deed entered into on 6 June 2024 by the Nominee, HoldCo and each Appointing Beneficiary from time to time, on the terms agreed between the parties and in the form attached as Annexure 6.
Nuwaru	a specialist tax advisory firm, that is a registered tax agent and chartered accounting firm.
OpCo Contribution	has the meaning given in clause 5.4 of the Scheme Implementation Deed.
Option	an option to acquire a Prospa Share granted under the Prospa Equity Incentive Plan.
Performance Right	a right granted by Prospa over a Prospa Share under the Prospa Equity Incentive Plan.
PPSR	the Personal Property Securities Register, as implemented by the <i>Personal Property Securities Act 2009</i> (Cth).
Prospa Board	the board of directors of Prospa and a Prospa Board Member means any director of the Prospa Board.
Prospa Constitution	the constitution of Prospa dated 9 November 2022.
Prospa Equity Incentive Plan	the equity incentive plan pursuant to which Prospa has issued Options and Performance Rights.
Prospa Equity Incentives	the Performance Rights and Options.
Prospa Group	Prospa and each of its Subsidiaries, and a reference to a Prospa Group Member or a member of the Prospa Group is to Prospa or any of its Subsidiaries.

Term	Meaning
Prospera Indemnified Parties	Prospera, its Subsidiaries and their respective directors, officers and employees.
Prospera Information	<p>the information in this Scheme Booklet other than:</p> <ol style="list-style-type: none"> 1 the BidCo Information; 2 the Independent Expert's Report; and 3 the Tax Implications.
Prospera Material Adverse Change	<p>an event, change, condition, matter, circumstance or thing occurring or becoming known to BidCo on or after the date of the Scheme Implementation Deed, which, whether individually or when aggregated with all events, changes, conditions, matters, circumstances or things that have occurred:</p> <ol style="list-style-type: none"> 1 has had the effect of causing Prospera Group's Early Loss Indicator (being the total principal outstanding amount for all loans that are 30 days past due at 4 months on book, divided by the initial principal amount originated at 4 months on book), as shown in its monthly management accounts, to exceed 5%; or 2 has had the effect of causing either: <ul style="list-style-type: none"> • an event of default; • a funding stop; or • an amortisation event, <p>under any Financing Contract, as those terms are defined in the relevant Financing Contract,</p> <p>in each case, other than those events, changes, conditions, matters, circumstances or things which are or were:</p> 3 required or permitted by the Scheme Implementation Deed, the Scheme or the transactions contemplated by either; or 4 agreed to in writing by BidCo.
Prospera OpCo	Prospera Advance Pty Ltd.
Prospera OpCo Facility	the corporate debt facility made available to Prospera OpCo as borrower pursuant to the Prospera OpCo Facility Agreement.
Prospera OpCo Facility Agreement	the corporate debt facility agreement entered into on or about 7 July 2023 between Prospera OpCo as borrower and iPartners as lender, as amended to facilitate the iPartners Funding.

Term	Meaning
Prospra Prescribed Occurrence	<p>other than as:</p> <ol style="list-style-type: none"> 1 required or permitted by the Scheme Implementation Deed, the Scheme or the transactions contemplated by either; 2 required by any applicable law or regulation; 3 Fairly Disclosed in the Disclosure Letter; 4 agreed to in writing by BidCo, <p>the occurrence of any of the following:</p> <ol style="list-style-type: none"> 1 Prospra converting all or any of its shares into a larger or smaller number of shares; 2 a member of the Prospra Group resolving to reduce its share capital in any way; 3 a member of the Prospra Group: <ul style="list-style-type: none"> • entering into a buy-back agreement; or • resolving to approve the terms of a buy-back agreement under the Corporations Act; 4 a member of the Prospra Group creating any new security-based incentive plan or scheme or amending the terms of any existing Prospra Equity Incentive Plan; 5 a member of the Prospra Group issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, or issuing or agreeing to issue securities convertible into shares, other than: <ul style="list-style-type: none"> • to a directly or indirectly wholly owned Subsidiary of Prospra; • the issue of shares upon the exercise of Options as agreed between the parties; • the issue of Options under the Prospra Equity Incentive Plan as agreed between the parties; • the issue of shares upon the exercise of Performance Rights as agreed between the parties; or • the issue of Performance Rights under the Prospra Equity Incentive Plan as agreed between the parties; 6 Prospra reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares; 7 Prospra announcing, making, declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members (whether in cash or in specie); 8 a member of the Prospra Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property, in single or multiple related transactions; 9 a member of the Prospra Group granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of its business or property other than in the ordinary course of its business; 10 an Insolvency Event occurring in relation to a member of the Prospra Group; or

Term	Meaning
	<p>11 any member of the Prospa Group agreeing, authorising, committing or resolving to do any of the matters specified above.</p>
<p>Prospa Regulated Event</p>	<p>other than as:</p> <ol style="list-style-type: none"> 1 required or permitted by the Scheme Implementation Deed, the Scheme or the transactions contemplated by either; 2 required by any applicable law or regulation; 3 Fairly Disclosed in the Disclosure Letter; or 4 agreed to in writing by BidCo, <p>the occurrence of any of the following:</p> <ol style="list-style-type: none"> 1 a Prospa Group Member acquiring or disposing of, or entering into or announcing any agreement for the acquisition or disposal of, any asset or business, or entering into any corporate transaction, which would or would reasonably be likely to involve a material change in: <ul style="list-style-type: none"> – the manner in which the Prospa Group conducts its business; – the nature (including balance sheet classification), extent or value of the assets of the Prospa Group; or – the nature (including balance sheet classification), extent or value of the liabilities of the Prospa Group; 2 a member of the Prospa Group making any material change to its constitution; 3 a member of the Prospa Group: <ul style="list-style-type: none"> – acquiring, leasing or disposing of; – agreeing, offering or proposing to acquire, lease or dispose of; or – announcing or proposing a bid, or tendering, for, any business, assets, entity or undertaking, the value of which exceeds \$5 million (individually or in aggregate), other than in the ordinary course of business; 4 a member of the Prospa Group entering into a contract or commitment restraining a member of the Prospa Group from competing with any person or conducting activities in any market in a manner which is material in the context of the Transaction; 5 a member of the Prospa Group, other than in the ordinary course of business: <ul style="list-style-type: none"> – entering into any contract or commitment (including in respect of Financial Indebtedness) requiring payments by the Prospa Group in excess of \$5 million (individually or in aggregate) other than any payment required by law; – without limiting the foregoing, (i) agreeing to incur or incurring capital expenditure of more than \$5 million (individually or in aggregate) or (ii) incurring any Financial Indebtedness of an amount in excess of \$5 million (individually or in aggregate); or

Term	Meaning
	<ul style="list-style-type: none"> – accepting as a compromise of a matter less than the full compensation due to a member of the Prospa Group where the financial impact of the compromise on the Prospa Group is more than \$5 million (individually or in aggregate); 6 a member of the Prospa Group providing financial accommodation other than to members of the Prospa Group (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of \$5 million (individually or in aggregate), other than in the ordinary course of business.
Prospa Registry	Link Market Services Limited ACN 083 214 537.
Prospa Representations and Warranties	the representations and warranties of Prospa set out in Schedule 4 of the Scheme Implementation Deed, as each is qualified by clause 7.7 of the Scheme Implementation Deed.
Prospa Share	a fully paid ordinary share in the capital of Prospa.
Prospa Shareholder	each person who is registered as the holder of a Prospa Share in the Prospa Share Register from time to time.
Prospa Share Register	the register of members of Prospa maintained in accordance with the Corporations Act.
Proxy Form	the form(s) under which a Prospa Shareholder may appoint and deal with proxies in respect of the Scheme Meeting and/or General Meeting.
Recommendation Period	<p>the period from and including the date of the Scheme Implementation Deed to the earlier of:</p> <ol style="list-style-type: none"> 1 the date of termination of the Scheme Implementation Deed; 2 the End Date; and 3 the Effective Date.
Reimbursement Fee	\$600,000.
Related Bodies Corporate	has the meaning set out in section 50 of the Corporations Act.

Term	Meaning
Related Person	<p>1 in respect of a party or any of its Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of that party or Related Body Corporate; and</p> <p>2 in respect of a Financial Adviser, each director, officer, employee or contractor of that Financial Adviser.</p>
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Representative Director	has the meaning given to that term in the HoldCo Shareholders' Deed.
Resolutions	the Scheme Resolution and the General Meeting Resolutions, together.
Reverse Reimbursement Fee	\$600,000.
Rolling Scheme Shareholders	a Scheme Shareholder who receives the Scrip Consideration pursuant to the Scheme.
Salter Brothers Tech Fund	Salter Brothers Asset Management Pty Ltd ACN 119 833 760 as trustee for the Salter Brothers Tech Trust No.1.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Prospa and the Scheme Shareholders, the form of which is attached as Annexure 2, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by BidCo and Prospa.
Scheme Booklet	this booklet being a combined scheme booklet to be prepared by Prospa in respect of the Scheme, notice of meeting and explanatory memorandum in respect of the General Meeting Resolutions, prepared in accordance with the terms of the Scheme Implementation Deed to be despatched to the Prospa Shareholders.
Scheme Consideration	the consideration to be provided by BidCo to each Scheme Shareholder for the transfer of each Scheme Share, determined in accordance with clause 4.3 of the Scheme Implementation Deed.
Scheme Meeting	the meeting of Prospa Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote

Term	Meaning
	on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Implementation Deed	the scheme implementation deed dated 26 February 2024 between Prospa and BidCo and HoldCo relating to the implementation of the Scheme, as amended on 6 June 2024.
Scheme Record Date	7.00 pm (Sydney time) on Monday, 5 August 2024, or such other time and date as the parties agree in writing or is ordered by the Court or required by the ASX.
Scheme Resolution	the resolution in respect of the Scheme, as put to Prospa Shareholders (other than Excluded Shareholders) at the Scheme Meeting.
Scheme Shares	all Prospa Shares held by the Scheme Shareholders as at the Scheme Record Date, and for the avoidance of doubt, does not include any Prospa Share held by an Excluded Shareholder as at the Scheme Record Date.
Scheme Shareholder	a holder of Prospa Shares recorded in the Prospa Share Register as at the Scheme Record Date, other than any Excluded Shareholder.
Scrip Consideration	one New HoldCo Share for every one Scheme Share held by a Scheme Shareholder electing to receive the Scrip Consideration in respect of that Scheme Share in accordance with clause 4.6 of the Scheme Implementation Deed and the Scheme.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Security Interest	has the meaning given in section 51A of the Corporations Act.
Subsidiary	<p>has the meaning given in Division 6 of Part 1.2 of the Corporations Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is controlled by that entity (as 'control' is defined in section 50AA of the Corporations Act) and, without limitation:</p> <ol style="list-style-type: none"> 1 a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and 2 an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.

Term	Meaning
Superior Proposal	a bona fide, written Competing Proposal which is received by Prospa and which the Independent Board Committee determines, acting in good faith and in order to satisfy what the Independent Board Committee considers to be its fiduciary or statutory duties (after having obtained written advice from its legal adviser and financial advisers), is reasonably likely to provide a superior outcome for Prospa Shareholders than the Transaction, taking into account to all aspects of the Competing Proposal and the Transaction, including the consideration (including the value, nature, liquidity and attractiveness of any scrip-based consideration), conditions, the identity, reputation and financial condition of the person making the Competing Proposal, and all relevant legal, regulatory and financial matters, certainty and any other matters affecting the probability of the relevant Competing Proposal being completed in accordance with its terms.
Tax Implications	Section 7 prepared by Nuwaru in connection with the Scheme, setting out Nuwaru's opinion as to the taxation considerations for the Transaction.
Term Facilities	<ol style="list-style-type: none"> 1 the asset backed securitisation entered into by, among others, Prospa Advance Pty Ltd and Perpetual Corporate Trust Limited as trustee for the PROSPARous Trust 2022-1 pursuant to an Issue Supplement originally dated on or around 28 November 2022 (as amended from time to time); and 2 the asset backed securitisation entered into by, among others, Prospa Advance Pty Ltd and Perpetual Corporate Trust Limited as trustee for the PROSPARous Trust 2024-1 pursuant to an Issue Supplement originally dated on or around 10 April 2024 (as amended from time to time).
Third Party	a person other than BidCo, its Related Bodies Corporate, a Consortium Member and each of their respective Associates.
Transaction	the acquisition of the Scheme Shares by BidCo through implementation of the Scheme in accordance with the terms of the Scheme Implementation Deed.
Trust Account	the trust account operated by or on behalf of Prospa as trustee for the Scheme Shareholders in connection with the Scheme.
Tubbin	Tubbin Investments Pty Ltd ACN 107 345 620 as trustee for Ruddock Family Trust.
VWAP	volume weighted average price
Warehouse Facilities	<ol style="list-style-type: none"> 1 The warehouse facility entered into by, among others, Prospa Advance Pty Ltd and Perpetual Corporate Trust Limited as trustee for the Pioneer Trust No. 1 pursuant to an

Term	Meaning
	Issue Supplement originally dated on or around 12 December 2018 (as amended from time to time);
2	the warehouse facility entered into by, among others, Prospa Advance Pty Ltd and Perpetual Corporate Trust Limited as trustee for the PROSPARity Trust pursuant to an Issue Supplement originally dated on or around 17 May 2019 (as amended from time to time);
3	the warehouse facility entered into by, among others, Prospa Advance Pty Ltd and Perpetual Corporate Trust Limited as trustee for the Propela Trust pursuant to an Issue Supplement originally dated on or around 30 November 2020 (as amended from time to time);
4	the warehouse facility entered into by, among others, Prospa NZ Limited and The New Zealand Guardian Trust Company Limited as trustee of the Prospa Kea Trust in relation to Series 2021-1 pursuant to a Series Supplement originally dated on or around 9 March 2021 (as amended from time to time); and
5	the warehouse facility entered into by, among others, Prospa NZ Limited and The New Zealand Guardian Trust Company Limited as trustee of the Prospa Kea Trust in relation to Series 2021-2 pursuant to a Series Supplement originally dated on or around 20 August 2021 (as amended from time to time).

Annexure 1 – Independent Expert Report



The Independent Board Committee
Prospa Group Limited
Level 1, 4-16 Yurong Street
Sydney NSW 2867

11 June 2024

Dear Directors

Part One – Independent Expert’s Report

1 Introduction

On 27 February 2024, Prospa Group Limited (**Prospa**) announced that it had entered into a Scheme Implementation Deed with a consortium led by Salter Brothers Tech Fund (the **Consortium**),¹ under which Salkbridge Pty Ltd (**Salkbridge** or **BidCo**), a newly incorporated proprietary company ultimately owned by the Consortium, would acquire 100% of the issued ordinary shares in Prospa (**Prospa Shares**) which are not already held by it or its related entities by way of a scheme of arrangement (**Scheme**) (**Transaction**). BidCo is a wholly owned subsidiary of PGL HoldCo Limited (**HoldCo**), an unlisted newly incorporated public company.

Under the Scheme, Prospa shareholders (**Prospa Shareholders**) (other than those who make a valid election for the Scrip Consideration described below and Excluded Shareholders²) will receive cash payments equal to \$0.45 per Prospa Share (**Cash Consideration**) in respect of all of the Prospa Shares that they hold as at the Scheme Record Date.³

As an alternative, Prospa Shareholders (other than Ineligible Foreign Shareholders⁴) may elect to receive scrip consideration comprising 1 fully paid ordinary share in HoldCo for each Prospa Share held at the Scheme Record Date (**Scrip Consideration**). Such an election by a Prospa Shareholder must be in respect of all of their Prospa Shares held at the Scheme Record Date and must be made by the Election Time.⁵ The Scrip Consideration enables Prospa Shareholders to maintain an interest in the Prospa business if they wish to do so.

¹ The Consortium comprises:

- Salter Brothers Asset Management Pty Ltd as trustee for Salter Brothers Tech Trust No.1;
 - Tubbin Investments Pty Ltd as trustee for the Ruddock Family Trust;
 - GRIM Enterprises Pty Ltd;
 - Grangeford Holdings Pty Ltd as trustee for Grangeford Investment Trust; and
 - Jasper Investments Pty Ltd as trustee for the Jasper Discretionary Family Trust;
- who in aggregate hold 4.96% of Prospa Shares as at 30 May 2024.

² BidCo or any Prospa Shareholder who is a member of the Consortium.

³ 7.00 pm (Sydney time) on Monday, 5 August 2024.

⁴ Ineligible Foreign Shareholders are those Scheme Shareholders with an address shown on the Prospa Registry that is outside Australia or New Zealand as at the Scheme Record Date unless HoldCo determines that it is lawful and not unduly onerous or impracticable to issue the Scheme Shareholder with New HoldCo Shares when the Scheme becomes Effective.

⁵ 5.00pm (Sydney time) on Monday, 29 July 2024, or such other date as agreed in writing between BidCo and Prospa.

The Cash Consideration is the default form of consideration under the Scheme. That is, a Prospa Shareholder who does not make a valid election or does not make an election before the Election Time will receive the Cash Consideration.⁶ Ineligible Foreign Shareholders will also receive the Cash Consideration.

Prospa Shareholders who elect to receive the Scrip Consideration will be a HoldCo Shareholder through a Nominee under the terms of the Nominee Deed unless the Prospa Shareholder is entitled to and has opted for a direct holding of its HoldCo Shares. Prospa Shareholders will have an indirect interest (or a direct interest if the Prospa Shareholder is entitled to and has opted for a direct holding of its HoldCo Shares) in HoldCo and will be bound by the terms of the HoldCo Constitution and become a party to the HoldCo Shareholders' Deed, and if applicable, the Nominee Deed.

Prospa established an Independent Board Committee in July 2023, following the receipt of unsolicited interest from a prospective buyer, to review the proposal and oversee the resulting negotiations. The Independent Board Committee is led by Prospa Chair, Gail Pemberton AO.

The Scheme is subject to a condition precedent that, in aggregate, at least 73.3% of Prospa Shareholders must validly elect to receive the Scrip Consideration in respect of Prospa Shares (which includes any Prospa Shares held by the Consortium and its related entities) on issue at the Scheme Record Date (**Minimum Election Condition Precedent**).

The Scheme is also subject to a condition subsequent that, in aggregate, the number of Prospa Shares in respect of which Prospa Shareholders have made (or deemed to have made) valid elections for the Scrip Consideration under the Scheme is not less than 73.3% of the Prospa Shares on issue at the Scheme Record Date, as a result of one or more Prospa Shareholders who make an election to receive the Scrip Consideration transferring Prospa Shares or changing their address such that they become Ineligible Foreign Shareholders (**Condition Subsequent**).

The Independent Board Committee is satisfied that there is a reasonable basis to expect that the Minimum Election Condition Precedent and the Condition Subsequent will be met, as following the announcement of Scheme, a number of large shareholders, including Prospa's Executive Directors, Gregory Moshal and Beaumont Bortoli, representing a total of 73.3% of shares on issue of Prospa on the Scheme Record Date (when taken together with Prospa Shares held by the Consortium and BidCo group members, have each advised the Independent Board Committee that they intend to vote in favour of the Resolutions,⁷ and will make an election to receive the Scrip Consideration, in the absence of a superior proposal emerging.

Assuming the Minimum Election Condition Precedent is satisfied and depending on the number of Prospa Shareholders who elect to receive the Scrip Consideration, the holding of the Consortium Members in HoldCo will vary between 5.9% (if 100% of Prospa Shareholders elect to receive the Scrip Consideration) and 19.4% (if 73.3% of Prospa Shareholders validly elect to receive the Scrip Consideration). Refer to Section 4.3 of the Scheme Booklet for illustrative examples.

The Scheme is also subject to a condition precedent that Prospa and its lender iPartners amend the Prospa OpCo Facility Agreement to allow Prospa to on-lend up to \$12 million to the Consortium to fund part of the Cash Consideration (**iPartners Funding**) (**iPartners Condition Precedent**). The final amount of funds on-lent to BidCo will depend on the number of valid elections for the Cash Consideration and will be calculated as the Aggregate Cash Consideration⁸ less the equity financing amount (provided by HoldCo) of \$7.8 million. The provision of the iPartners Funding is a provision of financial assistance and a related party transaction under the Corporations Act. Accordingly, it is subject to approval by a special resolution of Prospa Shareholders (for the financial assistance) and an ordinary resolution (for the related party transaction). The remainder of the Cash Consideration is expected to be provided by the Consortium members in exchange for equity in HoldCo.

Further conditions to which the implementation of the Scheme is subject to are set out in Section 5.3 of this report.

Prospa is an ASX listed lending company that provides online lending services to small businesses in Australia and New Zealand. The company offers business accounts, and lines of credit, as well as small business loans through a network of distribution partners. As at 31 December 2023, Prospa had \$807.4

⁶ Unless otherwise determined by BidCo to be deemed a valid election in accordance with clause 5.2(j) of the Scheme.

⁷ As defined in the Scheme Booklet, including the giving of financial assistance and financial benefit by Prospa to BidCo.

⁸ As defined in Section 4.5.2 of the Scheme Booklet.

million in closing gross loans. On 26 February 2024, the last trading day prior to the announcement of the Transaction, Prospa had a market capitalisation of \$61.5 million.⁹

The Consortium comprises Salter Brothers Asset Management Pty Ltd (**Salter Brothers**) as trustee for Salter Brothers Tech Trust No.1 (**Salter Brothers Tech Fund**), Tubbin Investments Pty Ltd as trustee for the Ruddock Family Trust, GRIM Enterprises Pty Ltd, Grangeford Holdings Pty Ltd as trustee for Grangeford Investment Trust, Jaspar Investments Pty Ltd as trustee for Jaspar Discretionary Family Trust. The Consortium is led by the Salter Brothers Tech Fund, a newly established fund that identifies and invests in leading, innovative technology companies in Australia and New Zealand that harnesses emerging technology. Salter Brothers Tech Fund provides an innovative new wholesale equity offering, adopting a unique and targeted approach to investing in the technology sector. The team is led by Gregg Taylor, and specialises in targeted sectors of technology. Salter Brothers is one of Australia's leading alternative investment managers with a focus on specialist equity, credit, and property. With gross group assets under management of \$3.356 billion as at 31 December 2023, Salter Brothers creates investment opportunities for high net worth and institutional investors globally. Together, members of the Consortium held a 4.96% interest in Prospa as at 30 May 2024.

For the Scheme to proceed, Prospa Shareholders must vote in favour of the following resolutions by the requisite majorities:

- a resolution with respect to the Scheme (**Scheme Resolution**) at a meeting (**Scheme Meeting**)¹⁰ to be held virtually at 3.00pm (Sydney time) on Tuesday, 16 July 2024. The Scheme Resolution must be approved by a special resolution of at least 75% of all votes cast by Prospa Shareholders (virtually or by proxy, attorney or corporate representative) and 50% in number of Prospa Shareholders present and voting (virtually or by proxy, attorney or corporate representative); and
- the following resolutions (**General Meeting Resolutions**) at a General Meeting of Prospa Shareholders to be held immediately prior to the Scheme Meeting:
 - a resolution approving for the purposes of section 260A(1)(b) and section 260B of the Corporations Act and subject to the Scheme becoming Effective, the giving of financial assistance by Prospa to BidCo; and
 - a resolution approving for the purposes of Part 2E.1 of the Corporations Act, subject to the Scheme becoming Effective, the giving of a financial benefit by Prospa to BidCo;

together, the **Resolutions**.

The financial assistance resolution must be passed as a special resolution and the related party resolution by a simple majority.

The Independent Board Committee unanimously recommends that Prospa Shareholders approve the Scheme by voting in favour of the Resolutions, in the absence of a superior proposal emerging and subject to the independent expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders. Subject to those same qualifications, each Independent Board Committee member intends to vote in favour of the Resolutions in respect of all Prospa Shares they own, or control. The Independent Board Committee's unanimous recommendation that Prospa Shareholders vote in favour of the Scheme is based on the quantum of the Cash Consideration. The Independent Board Committee makes no recommendation regarding the Scrip Consideration.

In order to assist Prospa Shareholders in assessing the Scheme, Prospa's Independent Board Committee have appointed Kroll Australia Pty Ltd (**Kroll**) to prepare an independent expert's report setting out whether, in our opinion, the Scheme is in the best interests of Prospa Shareholders, in the absence of a superior proposal.

This report sets out Kroll's opinion as to the merits or otherwise of the Scheme and will be included in the Scheme Booklet and Explanatory Statement (**Scheme Booklet**) to be sent to Prospa Shareholders.

Further information regarding Kroll, as it pertains to the preparation of this report, is set out in Appendix 1.

Kroll's Financial Services Guide is contained in Part Two of this report.

⁹ Calculated as Prospa's closing price on 26 February 2024 of \$0.375 multiplied by 163,965,994 ordinary fully paid Prospa Shares on issue.

¹⁰ The meeting of Prospa Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

2 Scope of report

The Transaction is to be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act 2001 (Cth) (**Corporations Act**) and requires approval of Prospa Shareholders. Section 412(1) of the Corporations Act requires that an explanatory statement issued in relation to a proposed scheme of arrangement includes information that is material to the making of a decision by a creditor or member as to whether or not to approve the scheme.

Even where an independent expert's report is not strictly required by law (as is the case for the Transaction), it is common for directors to commission one to ensure they are providing the information that is material to the making of a decision by a creditor or member. It is a condition of the Scheme that an independent expert concludes (and continues to conclude) that the Scheme is in the best interests of Prospa Shareholders.

In undertaking our work, we have referred to guidance provided by the Australian Securities and Investments Commission (**ASIC**) in its Regulatory Guides in particular, Regulatory Guide 111 'Content of expert reports' (**RG 111**) which outlines the principles and matters which it expects a person preparing an independent expert report to consider.

Further details of the relevant technical requirements and the basis of assessment in forming our opinion are set out in Section 6 of this report.

3 Opinion

3.1 Background

Prospa is a fintech¹¹ that provides funding to small businesses across Australia and New Zealand. Short term business loans and lines of credit are offered via an online platform at fixed interest rates, with limited asset security requirements. The company was founded in 2012 and listed on the ASX in 2019. Co-founders Gregory Moshal and Beaumont Bertoli continue to lead the company as Executive Directors, and together with related parties (together, the **Founding Shareholders**) retain a 53.0% ownership interest.

Prospa operates within a highly competitive sector of the commercial lending market. Major banks continue to dominate the market, however, smaller banks and non-bank lenders including fintechs have been increasingly expanding financing options for small businesses and competing for market share. Fintech lenders to small businesses compete against traditional banks through speed of service and technological innovation, and also benefit from being less heavily regulated allowing them to offer more flexible financial solutions. In addition, they incur lower entry costs and lower cost bases with no physical branches required due to their online presence. On the other hand, banks benefit from a lower cost of funding.

Commercial lending surged during the COVID-19 pandemic when businesses required additional financing. However, small business customers and lenders were subsequently impacted by worsening macroeconomic conditions. Like other lenders, Prospa has faced challenging operating conditions since 2022 when the Australian and New Zealand governments tightened monetary policy to address rising inflation. The sharp increase in official cash rates from early 2022 until late-2023 impacted lender profitability, loan demand and default rates as customers faced higher debt servicing costs. Non-bank lender margins, in particular, tightened due to greater exposure to rising funding costs, unlike banks which are supported by customer savings deposits.

Although Prospa achieved early Prospectus forecasts, the company subsequently revised and withdrew guidance. Prospa has not yet been able to achieve sustainable loss rates and profitability, or generate sufficient cash to pay a dividend, impacted by imbalances between product and funding exposure, and between loan originations and credit quality:

- Prospa's net interest margins have tightened as Prospa's income is capped by fixed interest rates, whilst funding costs are primarily linked to variable bank bill swap rates with only 25% of variable interest rate exposure hedged; and
- the strong growth in originations in 2022 was supported by higher risk loans which have resulted in higher-than-expected arrears and higher loss ratios.

¹¹ Fintech (short for financial technology) refers to a company that relies primarily on technology to deliver financial services.

Prospa tightened credit settings in FY23 and increased the proportion of loans from premium grade customers. Total originations and the balance of closing gross loans, however, reduced in 1H24 and net bad debts remain elevated.

Prospa's ability to grow and raise further capital has been limited not only by the instability of Prospa's earnings, but also by the concentrated nature of the company's share register. As at 30 May 2024, the top 20 ordinary shareholders of Prospa accounted for 90.0% of total shares outstanding, including the 53.0% held by Prospa's Founding Shareholders, limiting the available free float of Prospa Shares. With so little liquidity, even small trades can have an impact on price.

In addition to the illiquidity of Prospa Shares, Prospa's share price has fallen from a listing price of \$3.78 in June 2019 to a low of \$0.27 on 9 June 2023. The decline has been impacted by broader market volatility including the market wide sell off in response to the onset of the COVID-19 pandemic and subsequent macroeconomic uncertainty following the rapid cash rate increases, together with investor sentiment regarding Prospa's earnings downgrades, withdrawal of guidance and recent increases in funding costs and credit losses.

It was in this context that Prospa received unsolicited interest from a prospective bidder concerning a potential control transaction. Following a period of discussions and negotiations, the Independent Board Committee chose to proceed with the proposal on the basis that it delivered a cash payment at a premium to the prevailing share price and offered certainty of value for Prospa Shareholders in an otherwise illiquid market, which, combined with the concentrated nature of the Prospa share register, constrained the Board's ability to seek other strategic alternatives. The bidder was offered a period of exclusivity to complete due diligence and negotiate definitive transaction documents, and on 27 February 2024, Prospa entered into the Scheme Implementation Deed, subject to certain conditions precedent.

3.2 Summary of opinion

3.2.1 Cash Consideration

In our opinion, on the basis of the Cash Consideration only, the Scheme is in the best interests of Prospa Shareholders, in the absence of a superior proposal.

In arriving at this opinion, we have assessed whether the Scheme is:

- **fair**, by comparing the Cash Consideration to our assessed value of an Prospa Share on a controlling interest basis. This approach is in accordance with the guidance set out in RG 111; and
- **reasonable**, by assessing the implications of the Scheme for Prospa Shareholders, the alternatives to the Scheme that are available to Prospa, and the consequences for Prospa Shareholders of not approving the Scheme Resolution.

On the basis of the Cash Consideration only, we have assessed the Scheme to be fair and reasonable. Consequently, consistent with RG 111, we have concluded that on the basis of the Cash Consideration only, the Scheme is in the best interests of Prospa Shareholders, in the absence of a superior proposal.

We have assessed the value of a Prospa Share on a controlling interest basis to be in the range of \$0.43 to \$0.49. As the Cash Consideration of \$0.45 falls within our assessed value range for an Prospa Share, the Scheme is fair.

The Transaction is essentially a 'take private' transaction given existing shareholders will control at least 80.6% of the bid vehicle assuming only the 73.3% Minimum Election Condition Precedent is met and up to 94.1% if 100% of Prospa Shareholders elect the Scrip Consideration (refer to Section 4.3 of the Scheme Booklet). Consequently, the Transaction, in combination with the terms of the HoldCo Shareholders' Deed, does not confer control to the Consortium. Nevertheless, Kroll has assessed the fairness of the transaction by comparing the value of Prospa on a controlling interest basis to the value of the Cash Consideration in accordance with the requirements of RG 111.

In forming our view as to the value of Prospa, we have considered a range of factors including Prospa's position in the Australian and New Zealand small business lending market, opportunities for growth given current macroeconomic trends while managing yield and credit risk, and Prospa's investment in re-platforming. We have also considered Prospa's cost base initiatives, anticipated steady state profitability as well as the cash flows associated with the run-down of the loan book. As required under ASIC's RG 111, we have considered the synergies available to a pool of potential acquirers. Our analysis of the fairness of the Scheme is detailed further in Section 3.3 of this report.

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Scheme to be fair on the basis of the Cash Consideration, it is also reasonable. Regardless of this requirement, we have considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme, including:

- the Cash Consideration represents a moderate premium to the undisturbed trading prices of Prospa Shares;
- the Cash Consideration provides liquidity and certainty of the pre-tax amount that Prospa Shareholders will receive;
- Prospa Shareholders who receive the Cash Consideration will not participate in any future increases in value of Prospa, however, they will no longer be exposed to the risks facing the business;
- in the event that the Scheme is not approved or any other conditions prevent the Scheme from being implemented, Prospa will continue to operate in its current form and its share price is likely to fall to levels consistent with the undisturbed trading price of Prospa Shares, subject to any future financial achievements in the subsequent period, industry developments and the impact of broader trends in equity markets. Prospa is unlikely to declare a dividend in the foreseeable future;
- no superior proposal has emerged since the announcement of the Transaction; and
- alternatives are unlikely to realise greater value for Prospa Shareholders.

Other matters which Prospa Shareholders should consider in assessing the Scheme include:

- Prospa will incur transaction costs if the Scheme does not proceed;
- the outstanding conditions which, if not satisfied, will result in the Scheme not being implemented, including Minimum Election Condition Precedent and Condition Subsequent; and
- the tax implications of the Scheme.

Our analysis of the reasonableness of the Scheme is detailed further in Section 3.4 of this report. The decision to approve the Scheme is a matter for individual Prospa Shareholders based on their views as to value, expectations about future market conditions and their particular circumstances, including investment strategy and portfolio, risk profile and tax position. If in doubt, Prospa Shareholders should consult their own professional adviser regarding the action they should take in relation to the Scheme.

3.2.2 Scrip Consideration

Our assessment of fairness in relation to the Scheme is based on the Cash Consideration which is available to all Prospa Shareholders.

Prima facie, the value of a HoldCo share immediately post transaction will be lower than the value of a Prospa Share as a result of the estimated \$3.3 million in transaction costs. **After deducting the transaction costs, the value of a Prospa Share of \$0.43 to \$0.49 reduces to \$0.41 to \$0.47 and the midpoint of the Scrip Consideration (\$0.44) is below the Cash Consideration (\$0.45).**

Kroll has not, however, provided an opinion on the Scrip Consideration as Kroll considers that it is not possible to reliably estimate the value of a HoldCo Share since:

- it is not possible to determine the full underlying value of HoldCo as its strategy, cost structure and financial leverage are unknown as they are subject to a strategic review by BidCo following the implementation of the Scheme. In addition, HoldCo's initial financial leverage will depend on the level of elections to receive the Scrip Consideration;
- any definitive assessment of the quantum of a minority and marketability discount that would be applied to the HoldCo Shares is difficult since:
 - the timing of an exit event is unknown; and
 - the form of an exit event is unknown and could take the form of an initial public offering, share sale or trade sale. An initial public offering may attract a minority discount whereas a share or trade may attract a control premium.

Although the exact quantum of a discount that would apply to HoldCo Shares cannot be reliably determined, Kroll considers that a substantial minority and marketability discount is warranted, having regard to the following:

- shareholders will be subject to the provisions of the HoldCo Constitution, HoldCo Shareholders' Deed and, if applicable, Nominee Deed and will have fewer rights as a shareholder in HoldCo compared to their current investment in Prospa (in particular with regard to voting rights and transfer of shares);
- HoldCo Shares will be highly illiquid. There will be no public market for trading in HoldCo Shares as HoldCo will be an unlisted public company, nor is there expected to be any such market in the future. In addition, we note that there are restrictions on the sale of HoldCo Shares;
- Prospa Shareholders who receive HoldCo Shares under the Scheme will have more limited voting rights under the HoldCo Shareholders' Deed as compared to their position currently as Prospa Shareholders. An individual HoldCo Shareholder or group of HoldCo Shareholders, acting together (other than the Consortium Members), will not be able to affect the governance of HoldCo. Prospa Shareholders who receive HoldCo Shares under the Scheme will, therefore, in most cases be subject to the decisions made by the majority shareholders;
- following implementation of the Scheme, Gregory Moshal and Beaumont Bertoli will become HoldCo Directors and HoldCo Group CEO and HoldCo Group Chief Revenue Officer respectively. The Founding Shareholders will continue to control Prospa. As such, they will be in a position to determine the outcome of most decisions relating to HoldCo, including the timing and terms of any exit. In addition, depending on the level of elections to receive the Scrip Consideration, the Consortium members, acting together, may also be able to elect a Director to the HoldCo Board;
- a decision to pay dividends will be at the sole discretion of the HoldCo Board and made on a unanimous basis, and will be subject to the financial considerations made by the HoldCo Board as well as any restrictions set out in any finance agreements;
- shareholders will have an investment in a company that is more highly geared than Prospa is currently, provided the iPartners Funding is required to pay part of the Cash Consideration and, to the extent that Prospa's cash reserves are used to pay part of the Cash Consideration, and will be exposed to greater risk. Even if 100% of Prospa Shareholders elect to receive the Scrip Consideration, Prospa's cash reserves will be reduced to pay the transaction costs;
- shareholders will no longer have the protections offered under the ASX Listing Rules and Australian corporate law for listed public companies;
- as a public company (but not a disclosing entity), financial reporting requirements are more limited; and
- future capital raisings, equity funded acquisitions by the BidCo Group or the issuance of new HoldCo Shares may dilute the holdings of particular HoldCo Shareholders relative to other HoldCo Shareholders.

Further, as discussed in Section 3.4.1 of this report, observations from transaction evidence indicate that control premiums are broadly in the range of 25% to 40% for completed transactions depending on the individual circumstances.¹² These premiums are equivalent to a minority discount of 20% to 29%. Marketability discounts are typically in the order of 25% to 40%.¹³ These discounts are impacted by the specific facts and circumstances of each transaction including the size of the relevant shareholding. They are also not necessarily additive.

Kroll notes that in relation to the Scrip Consideration:

- the greater the discount applied to the HoldCo Shares, the lower the implied value of the Scrip Consideration; and
- there is a breakeven point above which the Scrip Consideration could be considered to be fair. This occurs where the prima facie high end of the Scrip Consideration (\$0.47¹⁴), after deducting a discount, is equal to the low end of Kroll's assessed valuation range for a Prospa Share of \$0.43 and is calculated at 8.5%.¹⁵ **In other words, the Scrip Consideration will not be fair for any discount above 8.5%, noting that whilst the actual discount realised cannot be reliably determined, for the reasons stated above Kroll considers that a substantial minority and marketability discount is warranted.**

¹² Source: 2023 Mergerstat Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

¹³ Source: "Case in Point: 20 Years in the Making: A Decision on Marketability Discount". Kroll. 8 March 2016.

¹⁴ Calculated as the high end of Prospa value per share of \$0.049, less \$0.02 transaction costs per share.

¹⁵ Calculated as $(\$0.49 - \$0.02) \times (1 - 8.5\%) = \0.43 .

As a result of the rights and obligations and risks noted above, and their potential impact on the realisable value of HoldCo Shares, the Scrip Consideration is likely to be unattractive to some Prospa Shareholders. Alternatively, passive shareholders who have a long investment horizon and high risk appetite may find the Scrip Consideration to be attractive, particularly if they stand to attract a capital gain as a result of the sale of their shares (given that rollover relief may be available for shareholders who elect to receive the Scrip Consideration). However, they need to carefully consider the rights and obligations and risks attaching to HoldCo Shares before making a decision to elect to receive the Scrip Consideration. These rights and obligations and risks are set out in Section 5.2 of this report and Sections 4.7, 4.8 and 5.4 of the Scheme Booklet.

3.3 The Scheme is fair on the basis of the Cash Consideration

3.3.1 Valuation of Prospa

Kroll has assessed the value of Prospa in the range of \$0.43 to \$0.49 per Prospa Share on a fully diluted basis.¹⁶ Our range of assessed values reflects 100% ownership of Prospa and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect Prospa's shares would trade on the ASX in the absence of the Scheme, a superior proposal or speculation regarding a superior proposal.

In assessing a value of a Prospa Share, Kroll has had regard to multiples of forward net profit after tax (**NPAT, P/E**), cross-checked against the implied multiples of historical tangible book value (**P/TBV**) (refer to Sections 9.3 and 9.4 of this report. The selected maintainable NPAT reflects future earnings, once the majority of the loans originated in 2022 with higher-than-expected arrears are expected to have cleared from Prospa's loan book, and is based on a normalised loss rate of 9.0%. The present value of outstanding abnormal credit losses that are likely to be incurred prior to Prospa stabilising earnings has been estimated based on current credit loss rates of between 10.0% and 11.0%, and deducted from the valuation.

The valuation outcomes and Kroll's selected value range are summarised in the following table.

Valuation Summary (per Prospa Share)

	Section Reference	Valuation Range	
		Low	High
Maintainable earnings (NPAT) (including synergies)	9.3.2	12.7	12.7
P/E multiple	9.3.3	6.0	6.5
Subtotal		76.2	82.6
Present value of outstanding abnormal credit losses	9.3.5	(4.7)	(2.3)
Value of Prospa's operating business (control basis)		71.5	80.2
Surplus assets and liabilities	9.5	(0.3)	(0.3)
Equity value of Prospa (control basis)		71.2	79.9
Number of shares outstanding – diluted (million)	8.6.2	164.7	164.7
Value per Prospa Share – diluted (\$)		\$0.43	\$0.49

Source: Kroll analysis.

The range of values for Prospa's operating business implies a multiple of 0.8 to 0.9 times TBV as at 31 March 2024, which is reasonable when benchmarked against the P/TBV multiples for listed comparable companies and transactions.

Kroll notes that the value range is below the book value per share of \$0.56 at 31 March 2024. This is reasonable since:

- the book value per share is an accounting measure whereas the realisable value of Prospa per share will reflect that an acquirer would likely take into consideration the relatively substantial costs of administering Prospa's portfolio. Kroll notes that:
 - as a result of the relatively small loan size, short term nature of Prospa's loans and relatively high credit loss rates, the costs of administering Prospa's portfolio are likely to be greater than for a financial services company that offers larger loans with a longer duration; and

¹⁶ Based on 164,736,513 Prospa Shares on issue, including 129,376 shares which will be issued to satisfy vested equity incentives (refer to Section 8.6.2 of this report).

- as a result of Prospa's relatively small scale, it has reduced ability to spread back-office costs across its portfolio compared to a financial services company with a larger portfolio;
- it is unlikely that an acquirer would offer a premium to net tangible assets to reflect future growth prospects and goodwill. Prospa is capital constrained due to an inability to raise capital at current share prices, which limits its future growth, and it is likely to have limited goodwill given the variability of returns, relatively high loss rates and risk profile of the business, particularly while the economic outlook in Australia and New Zealand remains uncertain; and
- Prospa has traded consistently at a discount to the book value per share since 30 August 2022. In the last month prior to the offer, Prospa traded at a VWAP that reflected a 41.8% discount to book value per share. Refer to Section 8.7 of this report for a comparison of Prospa's book value per share relative to Prospa's share price.

Our selected value range of \$0.43 to \$0.49 per Prospa Share reflects a premium over the closing price of Prospa Shares of \$0.375 on 26 February 2024, the last trading day prior to the announcement of the Scheme, of between 14.7% and 30.7%, and a premium to the one-month volume weighted average price (VWAP) of \$0.361 in the range of 18.9% to 35.5%. This level of premium is consistent with and below the premiums observed in completed transactions, which are broadly in the range of 25% to 40% depending on the individual circumstances¹⁷ and reflects:

- that our valuation of Prospa includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. We note that synergies available to a pool of potential acquirers of Prospa are expected to be limited as we consider that an acquirer is likely to be a financial buyer (refer to Section 9.2.3 of this report);
- trading in Prospa Shares is illiquid and the share price has been influenced by very low volumes of trades;
- that our value range contemplates the risk and time associated with Prospa's ability to manage its credit risk and grow its loan book to achieve a sustainable level of profitability; and
- the strengthening of Prospa's share price in the lead up to the announcement of the Transaction on 27 February 2024. Potential drivers of the share price increase may have been improved sentiment as inflation pressures eased, leading to increased market expectations of earlier reductions in the official cash rate (which have now changed), noting Prospa's reliance on variable rate funding, together with reductions in early loss indicators as at 1H24 announced in the trading update on 30 January 2024.

In forming our view as to the value of Prospa Shares, we have considered a range of factors including:

- synergies available to a pool of potential acquirers are not expected to be significant;
- Prospa's position as a provider of unsecured small business lending in Australia and New Zealand;
- Prospa's revenue growth and maintenance of portfolio yield through the recent high funding cost environment, however with slowing originations and a reduced closing loan book in 1H24;
- Prospa's exposure to higher risk business loans, and the underlying credit risk of Prospa's current loan portfolio which includes loans with higher-than-expected arrears that were originated in FY22 prior to the implementation of tighter credit settings in FY23. Net bad debts are expected to remain elevated through FY24, until the majority of the loans originated in 2022 with higher-than-expected arrears are expected to have cleared from Prospa's loan book;
- anticipated lower default rates going forward as a result of the tightening of lending criteria and higher proportion of premium risk grade loans;
- the anticipated future benefits of Prospa's continued cost restructuring implemented in 1H23;
- Prospa's variability in profitability with relatively minor earnings or operating losses in recent years;
- Prospa's carried forward tax losses, however, recognising that the ability to utilise them is uncertain and it is unlikely that an acquirer would attribute significant value to them;
- the decline in investor confidence given the variability of returns and higher risk profile of small business loans and financing solutions, particularly while the economic outlook in Australia and New

¹⁷ Source: 2023 Mergerstat Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

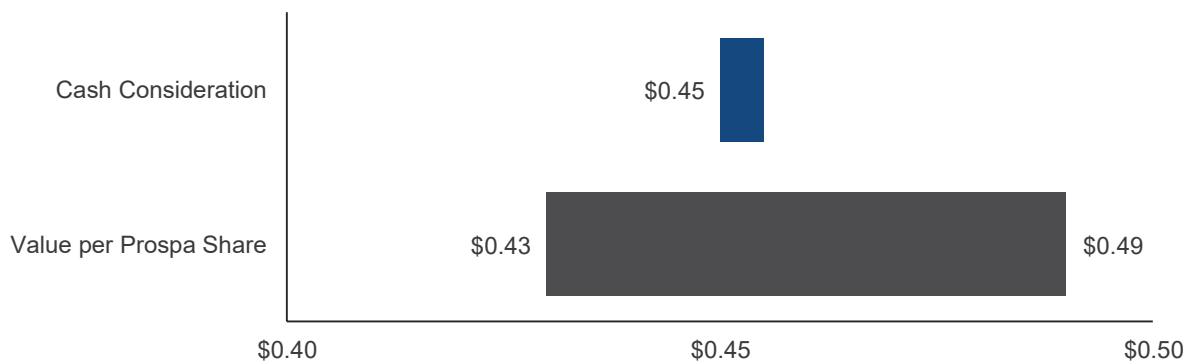
Zealand remains uncertain with continued inflation and high interest rates. Newly listed fintechs, in particular, have traded at a discount since listing in 2020 to 2021;

- current macroeconomic conditions in Australia and New Zealand and the impact of the renewed uncertainty as to whether the RBA will undertake further increases to the cash rate and/or the timing of any reductions in the cash rate; and
- the lack of directly comparable listed companies and transactions. Whilst there is cross-over of customers and distribution partners between Prospa and broader bank, non-bank and consumer lenders, competitors have varying credit risk profiles, cost bases and levels of profitability. The multiples for non-bank and unsecured lenders are typically lower than those of the larger banks and secured loan providers.

3.3.2 Assessment of fairness of the Cash Consideration

A comparison of our assessed value of a Prospa Share, on a control basis, to the Cash Consideration is illustrated as follows.

Fairness Assessment of Cash Consideration (\$)



Source: Kroll analysis.

According to RG111, the Scheme should be considered fair if the consideration offered to Prospa Shareholders is equal to or greater than our assessed value of a Prospa Share.

As the Cash Consideration falls within our range of values for a Prospa Share, **the Scheme is fair**. We consider the low end of the valuation range represents the relevant threshold for fairness. As such, any price above the low end of the range is fair and it is irrelevant where within the range an offer falls.

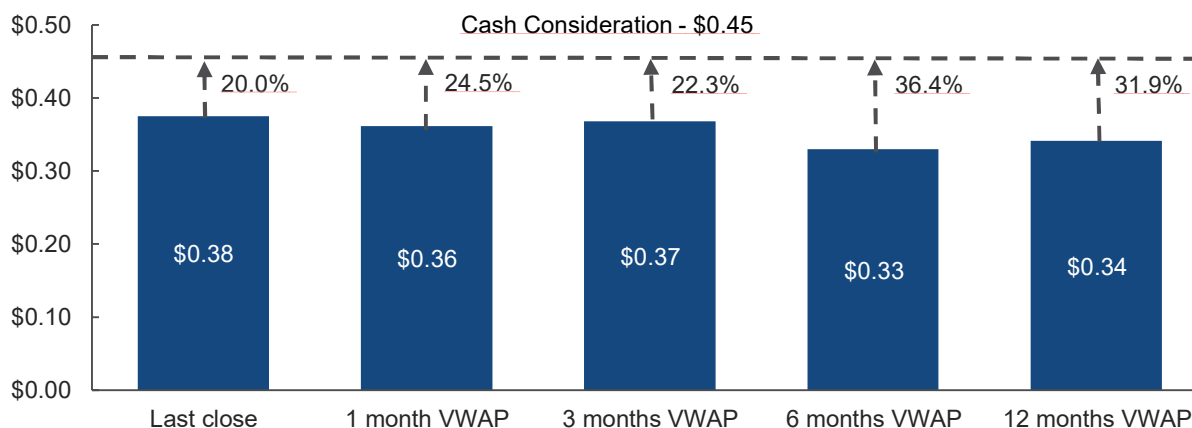
3.4 The Scheme is reasonable

In accordance with RG 111, an offer is reasonable if it is fair. **As we have assessed the Scheme to be fair on the basis of the Cash Consideration, it is also reasonable.** However, irrespective of the requirement to conclude the Scheme is reasonable, we have also considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme.

3.4.1 The Cash Consideration represents a moderate premium to the undisturbed trading prices of Prospa Shares

The Cash Consideration of \$0.45 represents a moderate premium to Prospa's closing share price and VWAP calculated over a range of periods up until 26 February 2024, the last trading day prior to the announcement of the Transaction.

Premium of Cash Consideration over the Prospa Share Price



Source: IRESS; Kroll analysis.

Note: The premiums illustrated above have been calculated based on Prospa's closing share price and VWAP up until close on 26 February 2024, the last trading day prior to the announcement of the Transaction.

We note that:

- typically, an acquirer will pay a premium to obtain control of a target company. Observations from transaction evidence indicate that control premiums are broadly in the range of 25% to 40% for completed transactions depending on the individual circumstances.¹⁸ Furthermore, in transactions where it was estimated the combined entity would be able to achieve significant synergies, the premium was frequently estimated to be in excess of this range. Conversely, in transactions where limited synergies were expected to be achieved, the premium tended to be below this range. Limited synergies are expected in the case of Prospa (refer to Section 9.2.3 of this report);
- furthermore, where an acquirer increases control from a controlling position, or does not otherwise obtain control as a result of a transaction, they may choose not to offer a full control premium or may offer a lower premium. Members of the Consortium currently hold a 4.96% interest in Prospa and, depending on the level of elections to receive the Scrip Consideration, will hold between 5.9% and 19.4% of HoldCo (refer to Section 4.3 of the Scheme Booklet) and, to the extent their ownership is greater than 10% will be able to elect one Director to the HoldCo Board in accordance with the HoldCo Shareholders' Deed. However, the Consortium is not gaining control of Prospa;
- the Cash Consideration represents:
 - a premium over the closing price that is slightly below the range of premiums typically observed;
 - a premium over the VWAP over periods ranging from one month to 12 months that is consistent with the range of premiums typically observed; and
 - the premium is lower relative to the last close than over longer periods of time, reflecting the improvement in market sentiment as inflation pressures have eased and expectations of earlier reductions in official cash rates. We note Prospa's reliance on variable rate funding, together with reductions in early loss indicators as at 1H24; and
- Prospa Shares have not traded above \$0.45 since 9 May 2023. Since then, losses were reported for the 30 June 2023 financial year, and improved 1H24 EBITDA results were released on 27 February 2024.

3.4.2 Certainty of value and liquidity

The Transaction offers Prospa Shareholders who do not elect to receive the Scrip Consideration an opportunity to exit their investment in Prospa at a price that is certain and which, as noted above, incorporates a moderate premium to Prospa's undisturbed trading prices.

As discussed in Section 3.1 of this report, Prospa's share register is tightly held by its substantial shareholders, with the top 20 ordinary shareholders of Prospa accounting for 89.96% of total shares

¹⁸ Source: 2023 Mergerstat Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

outstanding, including the 53.0% held by Prospa's Founding Shareholders. Since listing on the ASX, Prospa's total daily trading volume has only exceeded 1% of total Prospa Shares on issue on three occasions, the last time being on 13 March 2020.

Prospa, therefore, has an extremely limited free float and trading in Prospa shares is illiquid. Consequently, should a number of Prospa shareholders (or a large shareholder) wish to exit their investment, in the absence of the Scheme, the share price would likely fall or possibly there would be no market for the shares. As such, there is no certainty as to the price at which Prospa Shareholders would realise their investment at that time.

Furthermore, any future on-market sale by Prospa Shareholders would likely incur brokerage costs, which would be avoided if the Scheme is implemented.

3.4.3 By exiting their investment, Prospa Shareholders will not participate in any future increases in the value of Prospa, however, they will no longer be exposed to the risks facing the business

By exiting their investment in Prospa, Prospa Shareholders will not participate in any future growth in the value of Prospa. On the other hand, Prospa Shareholders who receive the Cash Consideration will no longer be exposed to the risks and uncertainties associated with the business, which as noted in Section 5.3 of the Scheme Booklet, include an inability by Prospa to access funding, regulatory changes for funders of Prospa's business, Prospa's regulatory and licence compliance, capital and liquidity requirements, Prospa's credit portfolio performance, Prospa's ability to attract and retain key employees, increased competition in its markets and the general economic environment for small business.

In this regard, Kroll's valuation of Prospa, which overlaps with the Cash Consideration, already attributes value to potential future maintainable earnings, as well as risk associated with Prospa's ability to manage its credit risk and grow its loan book in order to achieve a sustainable level of profitability.

3.4.4 Prospa's share price will likely fall in the absence of the Transaction

The current share price of Prospa reflects the terms of the Transaction and, therefore, includes a moderate control premium. As such, in the absence of the Transaction, a superior proposal or speculation concerning a superior proposal, the Prospa Share price is likely to fall to levels consistent with Prospa's undisturbed trading prices (up until 26 February 2024), with an allowance for:

- subsequent announcements in relation to company specific initiatives or financial performance which the market may assess as value enhancing or diminishing;
- any industry developments, noting the sensitivity of Prospa's performance to macroeconomic conditions and movements in the official cash rate. In this regard, official cash rates in Australia and New Zealand have been held constant since November 2023. As at 26 February 2024, the market expected that the RBA would cut rates, potentially by August 2024.¹⁹ However, following a higher-than-expected inflation report for the March quarter, the RBA decided to keep the cash rate at a 12-year high of 4.35%, and there is speculation that interest rates may rise again. From 26 February 2024 (the last trading day prior to the announcement of the Initial Proposal) until 30 May 2024, the median share price for commercial and other competitors declined by 7.9%; and
- trends in broader equity markets. In this regard, from 26 February 2024 until 30 May 2024, the S&P/ASX Small Ordinaries Index (**ASX Small Ordinaries**) has increased marginally by 0.4% and the S&P/ASX Financial Services Index has declined by 0.2%.

3.4.5 Likelihood of a superior proposal

Following the announcement of the Scheme Implementation Deed, Prospa undertook a process to ultimately solicit a superior proposal from a range of third parties, however, no superior proposal has emerged since the announcement of the Initial Proposal on 27 February 2024. Whilst there will continue to be an opportunity for a superior proposal, and the Scheme Implementation Deed does not contain any exclusivity provisions, we consider the likelihood of a superior proposal to be impacted by the following:

- the Founding Shareholders have a relevant interest in Prospa Shares of approximately 53.0% and have indicated their support for the Scheme. Any alternative proposal would need to have their support;
- the Independent Board Committee has evaluated a number of other alternatives over the last 12 months and negotiated the Transaction over the last 6 months, including the agreement to provide the

¹⁹ Australian Financial Review (**AFR**), Read, M. 'RBA isn't ready to rule out another rate rise', 20 February 2024.

Consortium with the IPartners facility in order to facilitate the Transaction. The Independent Board Committee is, at present, not aware of any alternative proposal for Prospa;

- there are risks regarding the future profitability of Prospa, as discussed in Section 5.3 of the Scheme Booklet;
- the Cash Consideration represents a moderate premium to Prospa's undisturbed trading prices. This is likely to limit the range of potential acquirers, given the need for a competing bid to exceed this offer price; and
- Prospa may be required to pay a reimbursement fee of \$0.6 million to BidCo in certain circumstances.

3.4.6 Alternatives are unlikely to realise greater value for Prospa Shareholders

A further potential alternative is a wind down of Prospa, however, Prospa management has advised that it is unlikely that the Prospa founders would support a wind down. Furthermore, Kroll notes the following:

- in the event of a wind-down, there is an elevated risk that customers will default on payments;
- shareholder returns are likely to be minimal and delayed once the loan book is under the management of debt collectors. Debt collectors would likely weigh the cost of pursuing and administering the loan collections against the remaining loan balances outstanding, which for Prospa are relatively small;
- a wind down would likely require consent from Prospa's financiers. As the risk of default on the remaining loan book increases as the book runs down, the availability of cost of Prospa's remaining funding may be impacted;
- a wind down would require significant redundancy costs; and
- there is likely to come a point in time where the operations are sub-scale and the costs of administering the remaining portfolio outweigh the benefits.

3.4.7 Other considerations

In forming our opinion, we have also considered a number of other factors. Whilst we do not necessarily consider these factors to impact our assessment of the reasonableness of the Scheme, we have addressed them as follows.

There is no change of control

The Transaction is essentially a 'take private' transaction. Members of the Consortium currently hold a 4.96% interest in Prospa and, depending on the level of elections to receive the Scrip Consideration, will hold between 5.9% and 19.4% of HoldCo (refer to Section 4.3 of the Scheme Booklet) and, to the extent their ownership is greater than 10% will be able to elect one Director to the HoldCo Board in accordance with the HoldCo Shareholders' Deed. However, the Consortium is not gaining control of Prospa.

One-off transaction costs

If the Scheme is implemented, transaction costs of \$3.3 million will be borne HoldCo. If the Scheme is not implemented, Prospa expects that external transaction costs will be approximately \$1.4 million (excluding GST). These transaction costs do not include the fees and transaction costs that may be incurred by the Consortium or BidCo in relation to the Scheme.

The Scheme is subject to shareholders holding a minimum of 73.3% of Prospa Shares electing the scrip consideration

In accordance with the Minimum Election Condition Precedent and Condition Subsequent, the Scheme will not proceed unless eligible shareholders holding at least 73.3% of Prospa Shares elect (or are deemed to have elected) to receive the scrip consideration.

Taxation implications for Prospa Shareholders

A summary of the key Australian income tax implications for Prospa Shareholders who hold their Prospa Shares on capital account for Australian income tax purposes are outlined in Section 7 of the Scheme Booklet.

As discussed in Section 7.2 of the Scheme Booklet, Prospa has lodged a Class Ruling with the Australian Taxation Office seeking the Commissioner of Taxation's view on specific Australian income tax implications for Prospa Shareholders with regards to the Scheme. The Scheme is conditional on the receipt of the Class Ruling confirming that CGT Rollover Relief is available to Australian resident shareholders otherwise making

a capital gain. Shareholders making a capital loss cannot choose CGT Rollover Relief and will need to account for the capital loss in the year that it is incurred.

Subject to receiving the Class Ruling, Prospa expects the income tax implications to follow as described in Sections 7.3 to 7.7 of the Scheme Booklet:

- Section 7.3 of the Scheme Booklet considers the taxation implications of the disposal of Prospa Shares for Australian tax residents. In particular, this section indicates that the disposal of Prospa Shares should trigger a capital gains tax event for Australian tax resident Prospa Shareholders. This means that Australian tax resident Prospa Shareholders will need to determine whether a capital gain or a capital loss arises in respect of their disposal of Prospa Shares;
- Section 7.4 of the Scheme Booklet considers the taxation consequences of choosing Scrip for Scrip Rollover Relief. This section indicates that, subject to the aforementioned Class Ruling, Shareholders that choose the Scrip Consideration, and who would otherwise have made a capital gain, may choose CGT Rollover Relief and disregard any capital gain in respect of Prospa Shares that were exchanged for HoldCo Shares. Shareholders making a capital loss cannot choose CGT Rollover Relief and will need to account for the capital loss in the year that it is incurred;
- Section 7.5 of the Scheme Booklet considers the consequences of choosing the Cash Consideration.
- Section 7.6 of the Scheme Booklet considers the tax implications for the disposals of Prospa Shares for non-Australian tax resident shareholders who have not held their Prospa Shares in carrying on a business through a permanent establishment in Australia. This section indicates the circumstances under which the disposal of Prospa Shares will generally result in Australian capital gains tax implications;
- Section 7.7 of the Scheme Booklet considers the implications of Scrip Consideration issued under a nominee arrangement as bare trustee;
- Section 7.8 and 7.9 of the Scheme Booklet further indicates that Prospa Shareholders should not be liable for GST or stamp duty in respect of the disposal of their Prospa Shares; and
- Section 7.10 of the Scheme Booklet indicates that there should be no tax implications as a result of Prospa changing company status from a listed to private company, however going forward the potential application of Division 7A of ITAA 1936 that deals with benefits provided to shareholders in private companies will need to be considered.

We note that Prospa Shareholders should consider their individual taxation circumstances and review the tax implications set out in Section 7 of the Scheme Booklet for further information where it applies to their circumstances. Prospa Shareholders should obtain their own independent professional advice on the tax consequences of disposing of their Prospa Shares under the Scheme.

3.4.8 Consequences if the Scheme does not proceed

In the event that the Scheme Resolution is not approved or any conditions precedent and subsequent prevent the Scheme from being implemented:

- Prospa will continue to operate in its current form and remain listed on the ASX. It is currently the Director's intention to continue operating Prospa in line with its currently stated objectives;
- Prospa Shareholders will continue to be exposed to the risks and opportunities associated with an investment in Prospa. Specific risks are described in Section 3.4.3 of this report and Section 5.3 of the Scheme Booklet;
- the Prospa Share price is likely to fall. The current price of Prospa Shares reflects the terms of the Transaction (including the benefit of the Cash Consideration offered by the Consortium) and includes a moderate control premium. As such, in the absence of the Transaction, a superior proposal or speculation concerning a superior proposal, the Prospa Share price is likely to fall (refer to Section 3.4.4 of this report);
- Prospa is expected to continue to have difficulty in growing the business given an inability to raise capital at current share prices and, potentially, a desire for the Founding Shareholders not to be diluted;
- it is uncertain whether Prospa will be able to pay a dividend in the near future. The difficulty in forecasting future cash flows and limited surplus cash reduces the likelihood of a dividend;

- a reimbursement fee of \$0.6 million (excluding GST) may be payable by Prospa to the Consortium in certain circumstances; and
- Prospa will incur an estimated \$1.4 million (excluding GST) of one-off transaction costs in relation to the Scheme.

3.5 The Scrip Consideration is likely to be unattractive to some shareholders

The decision to elect the Scrip Consideration and receive HoldCo Shares in respect of their Prospa Shares is independent of a decision to approve the Resolutions. In making this decision, Prospa Shareholders need to carefully consider the rights and obligations and risks attaching to HoldCo Shares.

Those Prospa Shareholders who elect the Scrip Consideration (and subject to the Minimum Scrip Threshold and Condition Subsequent being met) will retain an economic interest in Prospa's business operations and assets. By retaining an economic interest, HoldCo Shareholders may be able to:

- defer the capital gains consequences of the Scheme if capital gains tax rollover relief is available (see Section 7.4 of the Scheme Booklet and Section 3.4.7 of this report);
- participate in certain future exits by a HoldCo Shareholder as a result of the drag along and tag along rights; and
- participate in any growth in the business. We note that as at 1H24, although originations slowed and the loan book reduced during the period, Prospa is focusing on its premium customer offering, early loss indicators were reducing and further cost reductions are planned.

Prima facie, the value of a HoldCo share immediately post transaction will be lower than the value of a Prospa Share as a result of the estimated \$3.3 million in transaction costs. **After deducting the transaction costs, the value of a Prospa Share of \$0.43 to \$0.49 reduces to \$0.41 to \$0.47 and the midpoint of the Scrip Consideration (\$0.44) is below the Cash Consideration (\$0.45).**

It is not, however, possible to reliably estimate the value of a HoldCo Share since:

- it is not possible to determine the full underlying value of HoldCo as its strategy, cost structure and financial leverage are unknown. Kroll notes that in Section 4.9 of the Scheme Booklet, BidCo's intentions regarding Prospa are subject to a detailed strategic review of the business' assets and operations following the implementation of the Scheme. In addition, HoldCo's initial financial leverage will depend on the level of elections to receive the Scrip Consideration;
- any definitive assessment of the quantum of a minority and marketability discount that would be applied to the HoldCo Shares is difficult since:
 - the timing of an exit event is unknown. In Section 4.9.7 of the Scheme Booklet, BidCo states that any decision to exit will be subject to prevailing market conditions, the business' performance and other factors which may be considered relevant at the time; and
 - the form of an exit event is unknown and could take the form of an initial public offering, share sale or trade sale. An initial public offering would attract a minority discount whereas a control transaction may attract a control premium.

Although the exact quantum of a discount that would apply to HoldCo Shares relative to the value of Prospa Shares cannot be reliably determined, Kroll considers that a substantial discount is warranted as a result of the following rights and obligations and risks attaching to HoldCo Shares (refer to Section 4.7 and 4.8 of the Scheme Booklet in relation to in relation to the rights and obligations of HoldCo Shares and Section 5.4 for risks specific to HoldCo Shares):

- HoldCo Shareholders will be subject to the provisions of the HoldCo Constitution, HoldCo Shareholders' Deed and, if applicable, Nominee Deed, a summary of which is contained in Section 4.7 of the Scheme Booklet and the HoldCo Constitution, HoldCo Shareholders' Deed and Nominee Deed are included in Annexure 4, Annexure 5 and Schedule 3 to Annexure 5, respectively. They will have fewer rights as a shareholder in HoldCo compared to their current investment in Prospa, as discussed in Section 3.2.1 and 5.2 of this report;
- HoldCo Shares will be highly illiquid. There will be no public market for trading in HoldCo Shares as HoldCo will be an unlisted public company, nor is there expected to be any such market in the future. In addition, we note that under the HoldCo Shareholders' Deed, no disposal of HoldCo Shares is permitted except in relation to a small holdings sale (up to 1,000,000 shares during a 12 month

period), to a permitted transferee, pursuant to a drag along process or tag along process, pursuant to an exit, or to the Nominee (as defined in the HoldCo Shareholders' Deed);

- Prospa Shareholders who receive HoldCo Shares under the Scheme will have more limited voting rights under the HoldCo Shareholders' Deed as compared to their position currently as Prospa Shareholders. An individual HoldCo Shareholder or group of HoldCo Shareholders, acting together (other than the Consortium Members), will not be able to affect the governance of HoldCo. Prospa Shareholders who receive HoldCo Shares under the Scheme will, therefore, in most cases be subject to the decisions made by the majority shareholders;
- under the terms of the HoldCo Shareholders' Deed, any HoldCo Shareholder holding at least 10% of HoldCo Shares is entitled to appoint, remove and replace one HoldCo Director in respect of each 10% of shares held by that shareholder (up to a maximum of 2 HoldCo Directors). After implementation of the Scheme, each of the Founding Shareholders will likely continue to remain substantial holders of Prospa, and under the Minimum Election Condition Precedent and the Condition Subsequent, they are likely to elect Scrip Consideration in HoldCo if the Scheme is to proceed. As a result:
 - Curfore Pty Ltd (led by a related party of Gregory Moshal) with a circa 30% interest will be entitled to appoint two Directors. As noted in Section 4.9.3 of the Scheme Booklet, Curfore Pty Ltd intends to appoint Mr Aviad Eyal and Beaumont Bertoli as its Representative Directors; and
 - Gregory Moshal, with a circa 15% interest intends to appoint himself as his Representative Director.

The Founding Shareholders will, therefore, be in a position to influence the outcome of most decisions relating to HoldCo, including the timing and terms of any exit. In addition, depending on the number of Prospa Shareholders who elect to receive the Scrip Consideration, the holding of the Consortium Members in HoldCo will vary between 5.9% (if 100% of Prospa Shareholders elect to receive the Scrip Consideration) and 19.4% (if 73.3% of Prospa Shareholders elect to receive the Scrip Consideration). Consequently, the Consortium, acting together, may also be able to elect a Director to the HoldCo Board;

- a decision to pay dividends will be at the sole discretion of the HoldCo Board and made on a unanimous basis and will be subject to the financial considerations made by the HoldCo Board as well as any restrictions set out in any finance agreements. To the extent that a dividend is declared, the level of franking is uncertain;
- shareholders will have an investment in a company that, provided the Prospa OpCo Facility is required to pay part of the Cash Consideration and, to the extent that Prospa's cash reserves are used to pay part of the Cash Consideration, is more highly geared than Prospa is currently. Even if 100% of Prospa Shareholders elect to receive the Scrip Consideration, Prospa's cash reserves will be reduced to pay the transaction costs;
- HoldCo will be an unlisted public company with less than 50 shareholders and neither the ASX Listing Rules nor Australia's takeover regime under Chapter 6 of the Corporations Act will apply. As such, HoldCo Shareholders will no longer have the protections offered under the ASX Listing Rules and Australian corporate law for listed public companies in relation to takeovers, acquisition of substantial shareholdings, provisions relating to continuous disclosure, approval for changes in capital and share issues, restrictions on transactions with persons of influence and significant transactions and takeover provisions (refer to Section 4.4 of the Scheme Booklet); and
- HoldCo may propose to raise capital through the issue of new HoldCo Shares in the future (e.g. in order to meet any operating or financing requirements of itself or Prospa) or may issue HoldCo Shares to employees or officers under a company incentive scheme undertaken in accordance with the HoldCo Constitution and the HoldCo Shareholders' Deed. Future capital raisings, equity funded acquisitions by the BidCo Group or the issuance of new HoldCo Shares may dilute the holdings of particular HoldCo Shareholders relative to other HoldCo Shareholders and HoldCo Shareholder approval may not be sought.

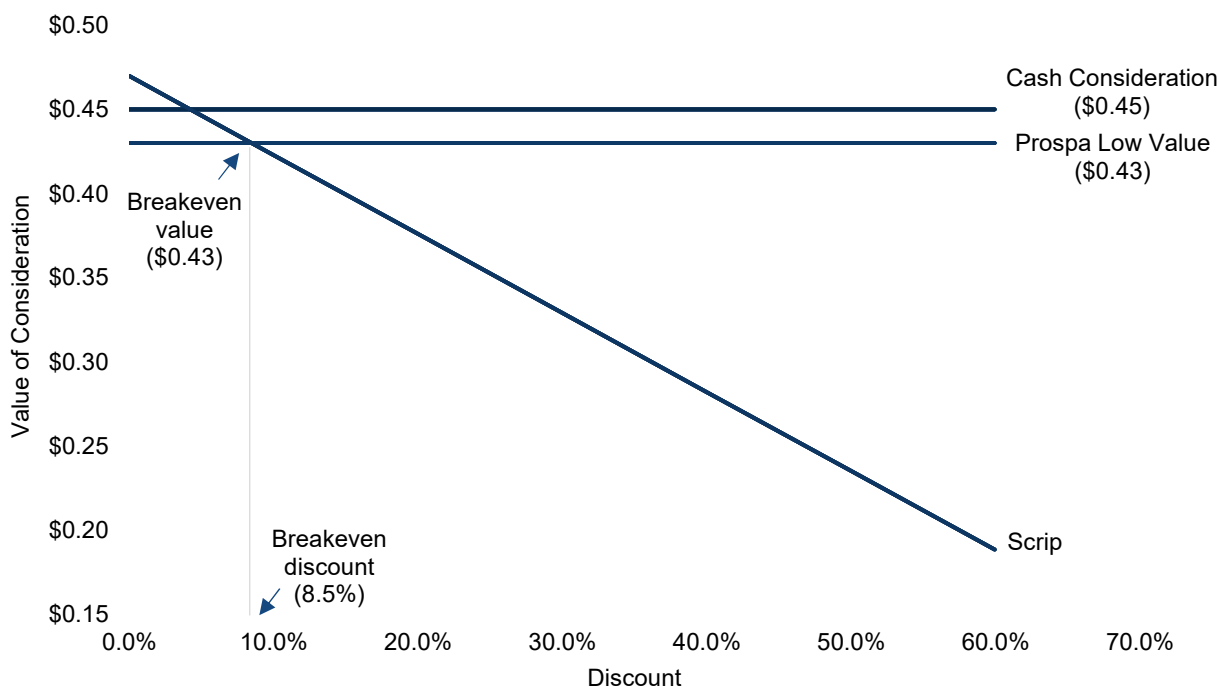
As discussed in Section 3.4.1 of this report, observations from transaction evidence indicate that control premiums are broadly in the range of 25% to 40% for completed transactions depending on the individual circumstances.²⁰ These premiums are equivalent to a minority discount of 20% to 29%. Marketability

²⁰ Source: 2023 Mergerstat Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

discounts are typically in the order of 25%²¹ to 40%. These discounts are impacted by the specific facts and circumstances of each transaction including the size of the relevant shareholding. They are also not necessarily additive. Having regard to the rights and obligations and risks associated with the HoldCo Shares, we consider that the current realisable value of HoldCo Shares would be expected to incorporate a substantial minority and marketability discount.

The following sensitivity analysis shows the value of the Scrip Consideration for a range of discounts.

Sensitivity Analysis – Value of Scrip Consideration for a Range of Discounts¹



Source: Kroll analysis.

Note 1: Discount refers to the discount between the low end of Kroll’s value range for a Prospa Share of \$0.43 and the prima facie high value of HoldCo Share of \$0.47 (\$0.49, less the \$0.02 transaction costs per share), and includes any differences in the full underlying value between Prospa and HoldCo, as well as a minority and marketability discount.

The sensitivity analysis indicates that:

- the greater the discount applied to the HoldCo Shares, the lower the value of the Scrip Consideration; and
- there is a breakeven point above which the Scrip Consideration could be considered to be fair. This occurs where the prima facie high value of the Scrip Consideration of \$0.47,²² after deducting a discount, is equal to the low end of Kroll’s assessed value range for a Prospa Share of \$0.43. The break-even discount below which the Scrip Consideration could be considered fair is 8.5%.²³ **In other words, the Scrip Consideration will not be fair for any discount above 8.5%, noting that whilst the actual discount realised cannot be reliably determined, for the reasons stated above, Kroll considers that a substantial minority and marketability discount is warranted.**

The above analysis is illustrative only as Kroll considers for the reasons set out previously that the realisable value of HoldCo Shares, including, potentially, in the event of a subsequent sale of the business or initial public offering (the timing of which is unknown), is not possible to estimate reliably.

As a result of the rights and obligations and risks noted above, and their potential impact on the realisable value of HoldCo Shares, the Scrip Consideration is likely to be unattractive to some Prospa Shareholders. Alternatively, passive shareholders who have a long investment horizon and high risk appetite may find the Scrip Consideration to be attractive, particularly if they stand to attract a capital gain as a result of the sale of their shares (given that rollover relief may be available for shareholders who elect to receive the Scrip Consideration). However, they need to carefully consider the rights and obligations and risks attaching to HoldCo Shares before making a decision to elect to receive the Scrip Consideration.

²¹ Source: “Case in Point: 20 Years in the Making: A Decision on Marketability Discount”. Kroll. 8 March 2016.

²² Calculated as the high end of Prospa value per share of \$0.049, less \$0.02 transaction costs per share.

²³ $(\$0.49 - \$0.02) \times (1 - 8.5\%) = \0.43 .

4 Other matters

Our report has also been prepared in accordance with the relevant provisions of Corporations Act and other applicable Australian regulatory requirements and has been prepared solely for the purpose of assisting Prospa Shareholders in considering the Scheme. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

This report constitutes general financial product advice and has been prepared without taking into consideration the individual circumstances of Prospa Shareholders. This advice, therefore, does not consider the financial situation, objectives or needs of individual Prospa Shareholders.

The decision of Prospa Shareholders as to whether or not to approve the Scheme is a matter for individual shareholders who should, therefore, consider the appropriateness of our opinion to their specific circumstances. As an individual's decision to vote for or against the proposed resolutions may be influenced by their particular circumstances, we recommend that individual Prospa Shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on information available as at the date of this report. This information, and our limitations and reliance on information section, are set out in Appendix 2. We have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

References to financial years have been abbreviated to 'FY' and references to half years have been abbreviated to 'H'. For Prospa, the financial year is the 12 months to 30 June and half years are the six months to 31 December. All currencies are Australian dollars unless otherwise specified.

Kroll has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the end of this report.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

Yours faithfully



Ian Jedlin
Authorised Representative



Celeste Oakley
Managing Director



Independent Expert's Report
and
Financial Services Guide
in relation to the proposed acquisition of Prospa Group Limited by
a consortium led by the Salter Brothers Tech Fund



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5 The Scheme

5.1 Overview

On 27 February 2024, Prospa announced that it had entered into a Scheme Implementation Deed with the Consortium under which BidCo would acquire 100% of Prospa Shares by way of a Scheme.

The circumstances leading up to Prospa entering into the Scheme Implementation Deed began in July 2023 after Prospa received unsolicited interest from a prospective bidder concerning a potential control transaction. Prospa subsequently established the Independent Board Committee to review any proposal and oversee the resulting negotiations. Following preliminary discussions between Prospa's advisers and representatives of the bidder, a formal non-binding indicative offer was submitted by the bidder to the Independent Board Committee on 3 November 2023. The Independent Board Committee chose to proceed with the bidder's proposal on the basis that it delivered a cash payment at a premium to the prevailing share price and offered certainty of value for Prospa Shareholders in an otherwise very illiquid market which, combined with the concentrated nature of the Prospa share register, constrained the Board's ability to seek other strategic alternatives. As a result, the bidder was offered a period of exclusivity to complete due diligence and negotiate definitive transaction documents. During the exclusivity period, due diligence was completed in parallel with further negotiations. Those negotiations resulted in the Scheme Implementation Deed and related documents being entered into, and the Scheme being announced, on 27 February 2024.

Under the Scheme, Prospa Shareholders (other than those who make an election for the Scrip Consideration) will receive the Cash Consideration of \$0.45 in cash per Prospa Share in respect of all of the Prospa Shares that they hold at the Scheme Record Date.

As an alternative, Prospa Shareholders (other than Ineligible Foreign Shareholders) may elect to receive the Scrip Consideration comprising 1 fully paid ordinary share in HoldCo for each Prospa Share held at the Scheme Record Date. Such an election by a Prospa Shareholder must be in respect of all of their Prospa Shares held at the Scheme Record Date and must be made by the Election Time.²⁴ The Scrip Consideration enables Prospa Shareholders to maintain an interest in the Prospa business if they wish to do so.

The Cash Consideration is the default form of consideration under the Scheme. That is, a Prospa Shareholder who does not make a valid election or does not make an election before the Election Time will receive the Cash Consideration.²⁵ Ineligible Foreign Shareholders will also receive the Cash Consideration.

Prospa Shareholders who elect to receive the Scrip Consideration will be a HoldCo Shareholder through a Nominee under the terms of the Nominee Deed unless the Prospa Shareholder is entitled to and has opted for a direct holding of its HoldCo Shares. Prospa Shareholders will have an indirect interest (or a direct interest if the Prospa Shareholder is entitled to and has opted for a direct holding of its HoldCo Shares) in HoldCo and will be bound by the terms of the HoldCo Constitution and become a party to the HoldCo Shareholders' Deed, and if applicable the Nominee Deed.

The Scheme is subject to the Minimum Election Condition Precedent which requires that, in aggregate, at least 73.3% of Prospa Shareholders must validly elect to receive the Scrip Consideration in respect of their Prospa Shares on issue at the Scheme Record Date.

The Scheme is also subject to the Condition Subsequent which requires that, in aggregate, the number of Prospa Shares in respect of which Prospa Shareholders have made (or deemed to have made) valid elections for the Scrip Condition under the Scheme is not less than 73.3% of the Prospa Shares on issue at the Scheme Record Date, as a result of one or more Prospa Shareholders who make an election to receive the Scrip Consideration transferring Prospa Shares or changing their address such that they become Ineligible Foreign Shareholders.

The Independent Board Committee is satisfied that there is a reasonable basis to expect that the Minimum Election Condition Precedent and the Condition Subsequent will be met, as following the announcement of Scheme, a number of large shareholders, including Prospa's Executive Directors, Gregory Moshal and Beaumont Bortoli, representing a total of 75% of shares on issue of Prospa (when taken together with Prospa Shares held by the Consortium and BidCo group members, have each advised the Independent

²⁴ 5.00pm (Sydney time) on Monday, 29 July 2024, or such other date as agreed in writing between BidCo and Prospa.

²⁵ Unless otherwise determined by BidCo to be deemed a valid election in accordance with clause 5.2(j) of the Scheme.

Board Committee that they intend to vote in favour of the Resolutions,²⁶ and will make an election to receive the Scrip Consideration, in the absence of a superior proposal emerging.

Depending on the number of Prospa Shareholders who elect to receive the Scrip Consideration, the holding of the Consortium Members in HoldCo will vary between 5.9% (if 100% of Prospa Shareholders elect to receive the Scrip Consideration) and 19.4% (if 73.3% of Prospa Shareholders validly elect to receive the Scrip Consideration). Refer to Section 4.3 of the Scheme Booklet for illustrative examples.

The Scheme is also subject to the iPartners Condition Precedent, which requires that Prospa and its lender iPartners amend the Prospa OpCo Facility Agreement to allow Prospa to on-lend up to \$12 million to the Consortium to fund part of the Cash Consideration (**iPartners Funding**). The final amount of funds on-lent to BidCo will depend on the number of valid elections for the Cash Consideration and will be calculated as the Aggregate Cash Consideration²⁷ less the equity financing amount (provided by HoldCo) of \$7.8 million. The provision of the iPartners Funding is a provision of financial assistance and a related party transaction under the Corporations Act. Accordingly, it is subject to approval by a special resolution of Prospa Shareholders (for the financial assistance) and an ordinary resolution (for the related party transaction). The remainder of the Cash Consideration is expected to be provided by the Consortium members in exchange for equity in HoldCo.

Further conditions to which the implementation of the Scheme is subject to are set out in Section 5.3 of this report.

The Independent Board Committee unanimously recommends that Prospa Shareholders approve the Scheme by voting in favour of the Resolutions, in the absence of a superior proposal emerging and subject to the independent expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders. Subject to those same qualifications, each Independent Board Committee member intends to vote in favour of the Resolutions in respect of all Prospa Shares they own, or control. The Independent Board Committee's unanimous recommendation that Prospa Shareholders vote in favour of the Scheme is based on the quantum of the Cash Consideration. The Independent Board Committee makes no recommendation regarding the Scrip Consideration.

5.2 Rights and obligations of HoldCo Shares

HoldCo Shareholders will be bound by the HoldCo Constitution, the HoldCo Shareholders Deed and, where applicable, the Nominee Deed (unless a HoldCo Shareholder is entitled to and has opted for a direct holding of its HoldCo Shares).

The rights and obligations of the HoldCo Shares are set out in Sections 4.7 and 4.8 of the Scheme Booklet, as well as in the HoldCo Constitution, HoldCo Shareholders' Deed and Nominee Deed in respect of HoldCo which are contained in Annexures 4 and 5 and Schedule 3 to Annexure 5 of the Scheme Booklet, respectively. The key terms include the following:

- the HoldCo Shares issued as Scrip Consideration under the Scheme will be fully paid ordinary shares in HoldCo and will rank equally with each other and the existing HoldCo Shares on issue at the implementation date;
- as the HoldCo Shareholder's Deed requires that HoldCo has no more than 50 shareholders, HoldCo intends to appoint an independent third-party trustee to hold the HoldCo Shares on bare trust for each shareholder (excluding the Consortium members and a HoldCo Shareholder who is entitled to and opted for a direct holding of its HoldCo Shares). HoldCo Shareholders will therefore be the beneficial holder but not the legal holder of the relevant HoldCo Shares in accordance with the terms of a custody agreement (being the Nominee Deed) as specified by HoldCo, with the exception of i) where shareholders are entitled to and have opted for a direct holding in HoldCo Shares; and ii) shareholders with at least 1,000,000 shares who will have an ability to direct the Nominee to transfer legal title to them provided such transfer does not result in HoldCo exceeding 50 members;
- a decision to pay dividends will be at the sole discretion of the HoldCo Board, having regard to the capital requirements and debt financing arrangements of the BidCo Group, and made on a unanimous basis. Payment of dividends may also be subject to any restrictions set out in any financing

²⁶ As defined in the Scheme Booklet, including the giving of financial assistance and financial benefit by Prospa to BidCo.

²⁷ As defined in Section 4.5.2 of the Scheme Booklet.

documents or under any contract that may contain covenants restricting HoldCo and BidCo from declaring dividends;

- HoldCo will not be subject to the various provisions that were applicable to Prospa previously as an ASX-listed company, including the continuous disclosure obligations under the ASX Listing Rules and Australia's takeover regime will not apply so long as HoldCo does not have more than 50 shareholders;
- each HoldCo Shareholder is entitled to the number of votes equivalent to the number of HoldCo shares held by it, subject to the terms of the HoldCo Shareholder's Deed. However, under the HoldCo Shareholder's Deed, each HoldCo Shareholder irrevocably grants HoldCo and each of its directors power of attorney in respect of matters relating to their HoldCo shareholding, including matters which, in the context of HoldCo, they would be required to vote, sign, consent to or approve. This may mean that certain actions may occur without any input from Prospa Shareholders who elect to receive the Scrip Consideration;
- if a change of control (as defined in the HoldCo Shareholder's Deed) occurs in relation to a HoldCo Shareholder, then unless approved by HoldCo Shareholders holding 75% of the remaining HoldCo Shares, the relevant HoldCo Shareholder must immediately give HoldCo notice with details of the change of control. All HoldCo shares held by the relevant HoldCo shareholder will then be offered to other HoldCo Shareholders in a similar manner to the pre-emptive rights regime (see below). Where there are HoldCo shares which are not taken up by existing HoldCo Shareholders, HoldCo may buy back such shares;
- any HoldCo Shareholder (and the Consortium together) holding at least 10% of HoldCo Shares will have right to appoint, remove and replace one director for each 10% increment in shareholdings up to a maximum of two (2) directors. The HoldCo Board will consist of a minimum of three directors and a maximum of ten directors;
- HoldCo Shareholders who receive the Scrip Consideration will have the right to approve matters that require special majority approval (e.g. HoldCo engaging in related party transactions, liquidation, dissolution or winding up of HoldCo, or a significant change in the nature of the business or its operational activities, any amendment to the HoldCo Constitution or any of the rights or obligations applicable to any of the HoldCo Shares). Other actions (e.g. payment of dividends, adoption, variation or replacement of employee incentive schemes, the issue of HoldCo securities, the implementation of an IPO or entering into a transaction) require unanimous approval of the directors, while other matters (e.g. the issue of securities, capital returns/ reductions, corporate reorganisations or disposals of the business or material assets of the business) may be passed by at least a majority of the votes cast by directors;
- if HoldCo proposes to issue additional shares, or a HoldCo Shareholder seeks to dispose of HoldCo Shares, pre-emptive rights apply to existing HoldCo Shareholders who are entitled to a pro rata allocation. Securities not taken up by existing HoldCo Shareholders may be offered by HoldCo to any person that is a Qualified Buyer²⁸. Pre-emptive rights will not apply to the issue of securities for the purposes of an employee incentive scheme, in connection with the acquisition of a business or where the issue represents less than 10% of HoldCo's fully diluted share capital. Pre-emptive rights will also not apply to the transfer of HoldCo Shares where the sale relates to 'small holdings' of up to 1,000,000 HoldCo Shares, a 'permitted transfer', or the sale is in accordance with the exercise of any tag along or drag along rights;
- a HoldCo Shareholder may dispose of 'small holdings' of up to 1,000,000 shares to any person in one or multiple transactions during any 12-month period) without needing to comply with the pre-emptive rights regime;
- upon receipt of a drag along or tag along notice, a seller must accept an offer from a Qualified Buyer to sell their HoldCo Shares to the Qualified Buyer. HoldCo Shareholders will have no rights to vote on any transactions involving the use of the drag along or tag along rights in relation to their HoldCo Shares; and

²⁸ Any person other than a person on the 'Consolidated List' maintained by the Australian Government under Australian sanction laws.

- if the HoldCo Board or HoldCo Shareholders approve the implementation of an IPO, each HoldCo Shareholders agrees to i) vote all HoldCo Shares in favour of pursuit of the IPO; ii) cause any representative director of the HoldCo Shareholder to take such steps in pursuit of the IPO; and iii) take any additional necessary actions required to facilitate the implementation of the IPO.

5.3 Conditions precedent and subsequent

Implementation of the Scheme is subject to Prospa Shareholders validly electing to receive Scrip Consideration in respect of at least 73.3% of the Prospa Shares on issue at the Scheme Record Date. Other customary conditions precedent as set out in Clause 3.1 of the Scheme Implementation Deed, include:

- receipt of various approvals, consents or relief from regulatory authorities, including ASIC and FIRB;
- approval of the Scheme by the requisite majorities of Prospa Shareholders at the Scheme Meeting;
- approval of the General Meeting Resolutions (to facilitate the iPartners Funding) by the requisite majorities of Prospa Shareholders at the General Meeting;
- Prospa and iPartners entering into binding documentation to facilitate the iPartners Funding; the iPartners Funding remaining available to Prospa as at 8.00am on the Second Court Date²⁹; and iPartners consenting to the change of control that will occur on implementation of the Scheme. The requisite conditions to facilitate the iPartners Funding have been satisfied as at the date of this report;
- the independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Prospa Shareholders (other than the Excluded Shareholders³⁰);
- approval of the Scheme by New South Wales Supreme Court;
- no Prospa material adverse change, no Prospa prescribed occurrence and no Prospa regulated event having occurred; and
- receipt of change of control consents under certain Prospa debt and warehouse funding facilities.

The implementation of the Scheme is also subject to the Condition Subsequent, as set out in Clause 4.3 of the Scheme. The Condition Subsequent provides that, unless a breach is waived in writing by BidCo,³¹ the Scheme will automatically terminate and be of no further force or effect if one or more Prospa Shareholders who make an election to receive the Scrip Consideration:

- transfer some or all of their Prospa Shares that were the subject of that election after the Election Time and before the Scheme Record Date; or
- change their address as shown on the Prospa Share Register such that they become Ineligible Foreign Shareholders,

and, as a result of such transfer(s) or change(s), the number of Prospa Shares in respect of which Prospa Shareholders have made (or deemed to have made) valid elections for the Script Consideration under the Scheme (together with any Prospa Shares held by a BidCo member) comprise less than 73.3% of the Prospa Shares on issue at the Scheme Record Date.

5.4 Exclusivity provisions

The Scheme Implementation Deed does not contain any exclusivity provisions, thus enabling the Independent Board Committee to engage with any prospective and qualified third-party bidders.

The Scheme Implementation Deed includes certain customary circumstances in which a reimbursement fee of \$0.6 million would be payable to the Consortium, and a reverse reimbursement fee of \$0.6 million would be payable to Prospa.

5.5 Transaction costs

If the Scheme is implemented, transaction costs of \$3.3 million will be borne by HoldCo. If the Scheme is not implemented, Prospa expects that external transaction costs will be approximately \$1.4 million

²⁹ As defined in the Scheme Booklet.

³⁰ Excluded Shareholders are BidCo and any Prospa Shareholder who is a member of the Consortium.

³¹ On or before the date that is three Business Days after the Scheme Record Date.

(excluding GST). These transaction costs do not include the fees and transaction costs that may be incurred by the Consortium or BidCo in relation to the Scheme.

6 Scope of the report

6.1 Purpose

The Transaction is to be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act and requires approval of Prospa Shareholders. Section 412(1) of the Corporations Act requires that an explanatory statement issued in relation to a proposed scheme of arrangement includes information that is material to the making of a decision by a creditor or member as to whether or not to approve the scheme.

Even where an independent expert's report is not strictly required by the law, it is common for directors to commission one to ensure they are providing the information that is material to the making of a decision by a creditor or member. It is a condition of the Scheme that an independent expert concludes (and continues to conclude) that the Scheme is in the best interests of Prospa Shareholders.

6.2 Basis of assessment

We have referred to guidance provided by ASIC in its Regulatory Guides in particular, RG 111, which outlines the principles and matters which it expects a person preparing an independent expert's report to consider when providing an opinion on whether a scheme of arrangement is in the best interests of shareholders of a company.

RG 111 distinguishes between the analysis required for control transactions and other transactions. RG 111.18 states that where a scheme of arrangement is used as an alternative to a takeover bid to give effect to a control transaction, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is 'fair and reasonable' and, as such, incorporates issues as to value. In relation to control transactions, RG 111.10 to 12 states:

- 'fair and reasonable' is not regarded as a compound phrase;
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer;
- the comparison should be made assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash;
- the expert should not consider the percentage holding of the bidder or its associates in the target when making this comparison; and
- an offer is 'reasonable' if it is 'fair'. An offer might be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.13 sets out the factors an expert might consider in assessing whether an offer is reasonable:

- the bidder's pre-existing voting power in securities in the target;
- other significant shareholding blocks in the target;
- the liquidity of the market in the target's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- any special value of the target to bidder, such as particular technology, etc;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative bidder and likelihood of an alternative offer being made.

RG 111.20 states that if an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is 'in the best interests' of members of the company.

RG 111.21 states that if an expert would conclude that a proposal was ‘not fair but reasonable’ if it was in the form of a takeover bid, it is still open to the expert to also conclude that the scheme is ‘in the best interests’ of the members of the company.

RG 111.11 provides that an offer is fair if the value of the consideration is equal to or greater than the value of the securities subject to the offer. This comparison should be made assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash and without regard to the percentage holding of bidder or its associates in the target entity. That is, RG 111.11 provides that the value of the target should be assessed as if the bidder was acquiring 100% of the issued equity in the target (i.e. on a controlling interest basis). In addition, any special value of the target to a particular bidder (e.g. synergies that are not available to other bidders) should not be taken into account under the comparison.

Accordingly, when assessing the full underlying value of Prospa, we have considered those synergies and benefits which would be available to more than one potential purchaser (or a pool of potential purchasers) of Prospa.

7 Small business lending industry

7.1 Introduction

Prospa is a financial technology company that provides online lending products and services primarily to small businesses across various industries within Australia and New Zealand. This section provides an overview of the small business economy and lending industry in Australia and New Zealand.

7.2 Small business economy in Australia and New Zealand

The Australian Bureau of Statistics (**ABS**) defines a small business as a business that employs fewer than 20 people.³² They can be broadly characterised as:

- non-employed businesses (sole proprietorships and partnerships without employees);
- micro-businesses (businesses employing between one and nine people including non-employed businesses); or
- other small businesses (businesses that employ between five and 19 employees).

Small businesses are key drivers of economic activity and employment, and thus play an important role within both the Australian and New Zealand economies:

- in Australia, there are approximately 2.5 million small businesses, accounting for 97.3% of all active businesses.³³ They employ over 5.1 million people, representing 41.7% of private sector jobs, and contribute close to 32.4% of Australia’s Gross Domestic Product (**GDP**);³⁴ and
- in New Zealand, there are over 575,000 small businesses, similarly representing 97.1% of all active businesses. These businesses employ approximately 693,100 people, accounting for around 29.0% of employment, and contribute an estimated 42.2% of economic value add.³⁵

The number of small businesses in Australia grew by approximately 3.5% per annum between June 2019 and June 2023.³⁶

The share of small businesses across sectors in both economies is diverse. As illustrated in the following charts, most small businesses in Australia and New Zealand operate within construction, rental, hiring and real estate, and professional, scientific and technical services.

³² Parliament of Australia, Definitions and data sources for small business in Australia: a quick guide, December 2015.

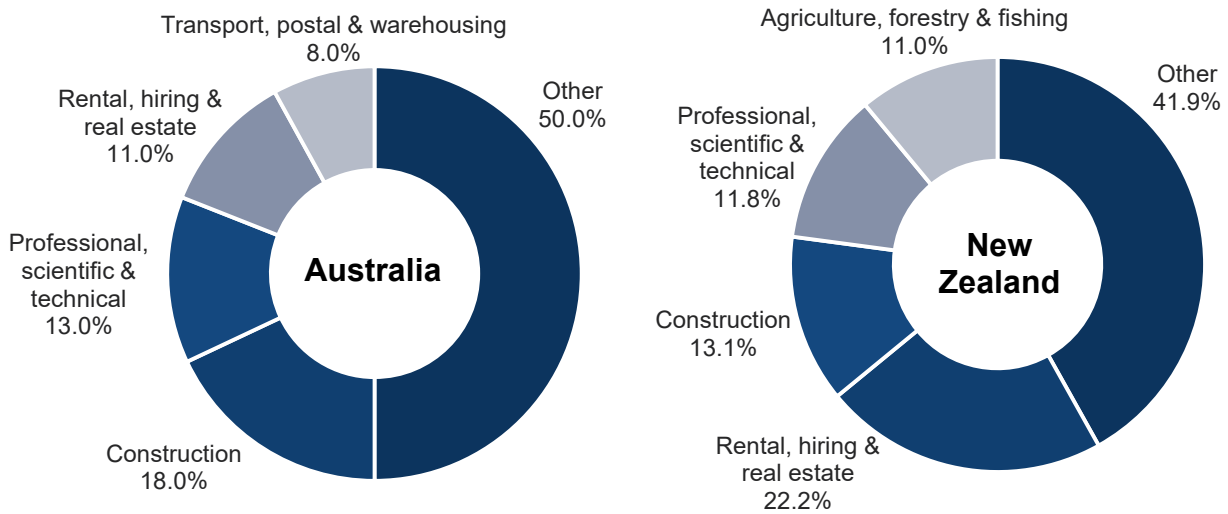
³³ Australian Bureau of Statistics, 8165.0 Counts of Australian Businesses, including Entries and Exits, June 2019 to June 2023, August 2023.

³⁴ Australian Small Business and Family Enterprise Ombudsman, Small Business Matters, June 2023.

³⁵ Ministry of Business, Innovation & Employment, Small Businesses in 2022.

³⁶ Australian Bureau of Statistics, 8165.0 Counts of Australian Businesses, including Entries and Exits, June 2019 to June 2023, August 2023.

Proportion of Small Businesses by Sector in Australia and New Zealand



Source: Australian Small Business and Family Enterprise Ombudsman, Small Business Matters, June 2023 and Ministry of Business, Innovation & Employment, Small Businesses in 2022.

Similar to larger businesses, small businesses often require loans and alternative financial solutions to support business activities including:

- facilitating day-to-day operations and meeting working capital requirements;
- replacing, upgrading or purchasing additional equipment or machinery; and
- driving growth and pursuing expansion opportunities, such as introducing new or improved goods, services or processes.

Australian small business income grew at an average rate of 7.6% per annum between June 2019 and June 2022.³⁷ Challenging macroeconomic conditions over the last two years have, however, placed pressure on small businesses. A recent survey of business leaders found that 43% of businesses with fewer than 20 employees were aiming to maintain business ‘as is’ over the next 12 months, rather than looking to grow or expand.³⁸

7.3 Small business lenders

Industry participants that provide loans and other financial products to small businesses include:

- banks or authorised deposit-taking institutions (**ADIs**);³⁹ and
- non-bank lenders, including specialised financing, fintech or online lenders.

The major banks in Australia and New Zealand typically dominate the business loan market. However, over the four years to September 2022, the combined market share of the “Big Four” banks in Australia (Australia and New Zealand Banking Group (**ANZ**), Commonwealth Bank of Australia (**CBA**), National Australia Bank (**NAB**), and Westpac Banking Corporation (**WBC**)) declined from 70.4% to 68.1%.⁴⁰

As banks typically require more security than many small businesses are able to offer and can take longer to process applications, traditional loan terms and products have not historically been well suited to small businesses. Fintechs and other non-bank lenders are increasingly emerging and expanding financing options for small businesses.

³⁷ Australian Bureau of Statistics, Australian Industry, 2021-2022.

³⁸ Westpac survey, October 2023. 502 business leaders each employing up to 200 staff were surveyed throughout Australia in October 2023. The survey was commissioned by Westpac and conducted by Lonergan Research.

³⁹ Non-bank deposit takers (**NBDTs**) in New Zealand.

⁴⁰ KPMG, ‘From Dream to Delivery, Better practices for Australian lenders on the technology transformation journey’, April 2023.

7.3.1 Banks or ADIs

Loans in the Australian banking sector are primarily sourced from ANZ, CBA, NAB and WBC. The remaining portion of the market is serviced by smaller banks such as Macquarie Bank Limited, Bendigo and Adelaide Bank Limited, Bank of Queensland Limited and Judo Bank Pty Ltd (**Judo Bank**).⁴¹ Similarly, in New Zealand, bank loans are the most common form of debt financing for small businesses. These loans are primarily sourced from major banks such as ANZ Bank New Zealand Limited (**ANZ NZ**), ASB Bank Limited (**ASB**), Bank of New Zealand (**BNZ**) and Westpac New Zealand Limited (**WBC NZ**).

Products offered include secured term loans, overdraft facilities, invoice financing and credit cards. Banks operate within a highly regulated framework and have therefore typically favoured issuing secured loan products to businesses in order to adhere to strict lending criteria of regulatory standards and capital adequacy requirements. Secured loans are backed by a specific form of collateral such as residential or commercial property and tend to carry lower fixed or variable interest rates.

More recently, a number of banks have introduced alternative financing options in order to diversify their product offering and target the needs of small business customers. One key development has been the launch of unsecured business loan products. These initiatives incorporate sophisticated data and analytics tools designed to fast-track application and approval timelines.

Banks acquire customers primarily through direct channels with branches spread across metro and regional areas, and direct online application processes. The cost of customer acquisition typically reflects a small proportion of average loan amounts.

7.3.2 Non-bank lenders

Non-bank lenders are non-ADI financial institutions that can provide loans and other credit products, however, as they do not have a full banking license, they cannot accept deposits from the public. They are not as heavily regulated as ADIs and provide a more flexible alternative to traditional banking lenders. Non-bank lenders include specialised lenders, fintech or online lenders.

Specialised lenders

Specialised lenders provide financing solutions designed to meet the specific needs of small businesses. Key market participants include:

- **asset finance providers**, which provide financing to purchase assets such as equipment, machinery and motor vehicles;
- **invoice finance providers**, which offer short term funding solutions based on the value of outstanding invoices; and
- **trade finance providers**, which provide guarantees or lines of credit to ensure trade related obligations are met.

Fintech or online lenders

Fintech or online lenders leverage technology to compete with traditional financial institutions and provide loans and other financial management solutions to small businesses. These businesses operate as either:

- **balance sheet lenders**: which, like banks, hold the funds they lend on their balance sheet. Balance sheet lenders source funds via multiple outlets including wholesale debt markets, equity and securitisation arrangements and take on all the financing risk. Lending costs therefore include margins to cover credit losses and operating costs. Many fintechs are balance sheet lenders, including Prospa, Lumi Finance Pty Limited (**Lumi**), Moula Money Pty Limited (**Moula**) and Shift Financial Pty Ltd (**Shift**); or
- **marketplace (peer-to-peer) lenders**: which use online platforms to connect investors, lenders and borrowers to facilitate funding. Investors in lending marketplaces fund their specific loans directly and take ownership for the risk and return. Key market participants include BigStone Capital Pty Ltd (**BigStone**) and ThinCats Australia Pty Ltd (**ThinCats**).

Fintech lenders generally possess a limited product range, however, differentiate themselves by offering an online application process and fast, automated decisions and funds transfers.⁴² Typical financing solutions

⁴¹ APRA, Monthly authorised deposit-taking institution statistics December 2023.

⁴² Australian Government, Small business access to finance: The evolving lending market, September 2021.

include unsecured loans and lines of credit. This model is an attractive proposition for small business owners who require funds quickly.

Whilst there are accessibility and efficiency benefits from these products, interest rates offered by fintech and online lenders are generally fixed and can often be carried at a higher level than those offered by traditional lending institutions such as banks depending on the risk of the borrower and length of the loan term.

Non-bank lenders are increasingly moving towards online channels and third party distribution channels including brokers, aggregator networks, online affiliates, financial planners and other advisers.

The number of non-bank lenders has grown largely due to increasing demand for varied and flexible financial solutions, supported by regulatory developments (refer to Section 7.4.2 of this report), technological innovations, the accelerated digitisation of businesses during COVID-19 and other key sector trends (refer to Section 7.5 of this report).

7.4 Regulatory environment

7.4.1 Key regulatory bodies

The Australian lending industry is primarily regulated by the Australia Prudential Regulation Authority (**APRA**) and ASIC who monitor business lending activities to ensure stability and protect customers.

As discussed in Section 7.3.1 of this report, capital adequacy requirements⁴³ enforced by APRA require ADIs to maintain a sufficient level of capital to cover the risk associated with their activities. The amount of capital required is significantly impacted by the types of lending activities that ADI's engage in, with products such as unsecured business loans carrying a greater risk weighting compared to residential mortgages or Government bonds.

Non-bank lenders in Australia are regulated by ASIC and must comply with many of the same industry and legal codes as the banks including the Australian Consumer Law and the Privacy Act and, if they lend to consumers, must have an Australian Credit Licence and comply with the National Consumer Credit Protection Act. However, as discussed in Section 7.3.2 of this report, non-banks are not as heavily regulated as ADIs and can operate more freely.

Small business lenders adhere to the Australian Finance Industry Association Online Small Business Lenders Code, which outlines best practice principles and provides measures for standardising transparency and disclosure.

In New Zealand, the key regulatory bodies include the Financial Markets Authority (**FMA**), Reserve Bank of New Zealand (**RBNZ**) and New Zealand Companies Office (**NZCO**).

7.4.2 Regulatory developments

The Australian Government has announced a number of initiatives designed to support small business lenders. The initiatives focus on reducing barriers to entry and encouraging competition, increasing the supply and reducing the cost of wholesale capital, and increasing access to information for both lenders and borrowers. Key developments include:

- **Australia's Open Banking regime (Open Banking):** Open Banking was introduced in 2022 following the enactment of the Consumer Data Right (**CDR**) legislation in 2019. Open Banking gives banking customers the right to access and share their banking data with accredited third parties in order to find a product or service tailored to their needs. This movement has facilitated greater innovation, choice and competition within the industry. While Open Banking regulation currently does not apply to Prospa as a non-bank lender, given the nature of Prospa's products, close attention is being applied. The next tranche of regulatory change in this area referred to as Open Finance, will extend data rights to Prospa and all other non-bank lenders over the coming years;
- **Comprehensive Credit Reporting (CCR):** CCR requires banks to share more comprehensive information about individual consumers to licensed credit providers to enable a more balanced assessment of a borrower's credit history and credit worthiness;⁴⁴ and

⁴³ Prudential Standard APS110: Capital Adequacy.

⁴⁴ Prospa, Prospectus 2019.

- **Australian Business Securitisation Fund (ABSF):** the ABSF was launched following the passing of the Australian Business Securitisation Fund Act in 2019 to improve lending market conditions for small and medium enterprises (**SMEs**) by increasing the availability, and with the aim of reducing the cost of credit.⁴⁵

A number of other measures have been introduced by Australian regulators to support small businesses, thereby indirectly impacting the lending market. Progressive changes were made to company tax rates, whereby from 2021/22 onwards, base rate entities with an aggregated turnover of less than \$50 million were subject to a 25% company tax rate instead of 30%. Other initiatives included small business income tax offsets, CGT concessions, access to simplified depreciation rules (“asset pooling”), toll relief rebate schemes and financial incentives for businesses to hire new staff.

In addition, the ATO has recently stated its intention to pursue small business tax debt. This involves taking stronger debt recovery action against businesses that meet certain criteria and aren’t effectively engaging with the ATO. These actions include disclosing debt information to credit reporting bureaus, issuing garnishee and director penalty notices as well as initiating wind up applications. Ultimately, this may impact small businesses’ ability to receive finance and repay amounts owing to lenders.

The New Zealand Government introduced several policies during the COVID-19 pandemic to provide cash flow relief for small businesses. These included the Business Finance Guarantee Scheme, Wage Subsidy Scheme, Small Business Cash Flow Loan Scheme, Carry back tax loss scheme and deferred tax payments.⁴⁶ These have all since ended.

7.5 Industry trends and outlook

The following section outlines recent trends in the industry as well as factors that impact the outlook for small business lenders. This includes key themes such as macroeconomic environment, business confidence, default trends and credit requirements, competition, increasing digitisation, broker diversification and small business growth.

7.5.1 Macroeconomic environment

In Australia, the RBA has increased the cash rate incrementally from a low of 0.10% in December 2020 to 4.35% in November 2023. Meanwhile, the Consumer Price Index (**CPI**) climbed from 0.9% in December 2020 to a high of 7.8% in December 2022 before contracting to 3.6% in the quarter ended March 2024.

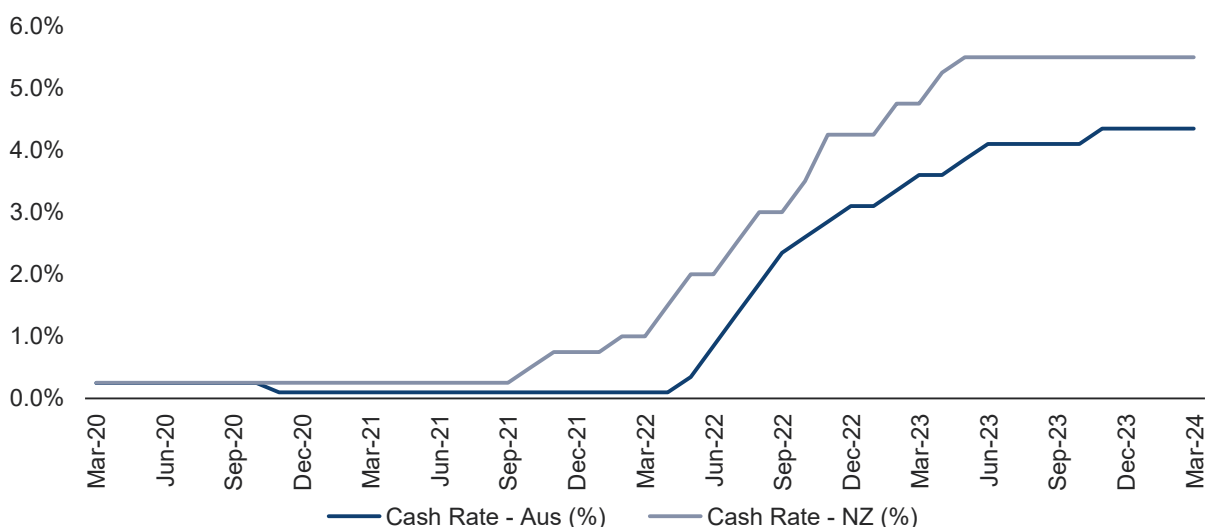
Over the same period, a similar macroeconomic trend was observed in New Zealand. The RBNZ held the cash rate at 0.25% between March 2020 and September 2021, before tightening monetary policy by lifting cash rates gradually to a high of 5.50% in May 2023, which has since remained unchanged. New Zealand CPI also climbed from 1.4% in December 2020, to a high of 7.3% in June 2022 before contracting to 4.0% in the quarter ended March 2024.

The following charts illustrate the movement in official cash rates and CPI in Australia and New Zealand between January 2020 and March 2024.

⁴⁵ Australian Government, Australian Business Securitisation Fund Review, March 2022.

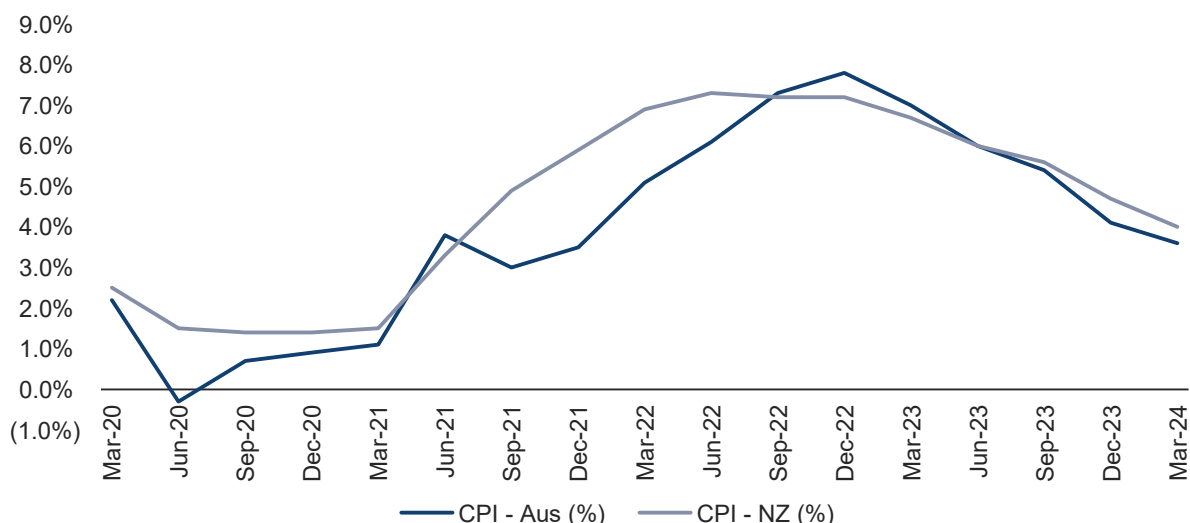
⁴⁶ OECD, Financing SMEs and Entrepreneurs 2022: An OECD Scoreboard.

Official Cash Rate – Australia and New Zealand



Source: Reserve Bank of Australia and Reserve Bank of New Zealand.

Consumer Price Index (Annual Percentage Change) – Australia and New Zealand



Source: Reserve Bank of Australia and Statistics New Zealand.

Market reference rates such as the Bank Bill Swap Rate (**BBSW**) and interest rates tend to follow movements in the cash rate. As lenders source funds from wholesale debt markets and equity, cash rate movements can significantly impact the cost of funding and profitability. Higher interest rates can improve lender profitability, however, may also negatively impact loan demand and default probabilities, as customers face higher debt servicing costs.

It is important for lenders to match the duration and rates (fixed vs. variable) of loans extended to the duration and rates associated with borrowings to manage margins.

As rates rise, the cost of funding for non-bank lenders will climb higher than it will for banks. One reason for this is that non-bank lenders do not have access to customer deposits that can be called on for funding, unlike banks that offer savings accounts. As an example, between May 2022 and February 2023, the gap between ADI and non-ADI average variable rates fell from 0.71% to 0.56%.⁴⁷ A survey of non-bank lenders in New Zealand noted that the cost of funds rose at least as quickly, if not more quickly, than they were able to pass rate rises on to customer in both new lending and their existing book.⁴⁸

⁴⁷ Canstar data as at 7 February 2023, based on owner occupier variable home loans. <https://www.canstar.com.au/home-loans/banks-vs-non-banks/>.

⁴⁸ KPMG New Zealand, Financial Institutions Performance Survey, Non-Bank Review of 2023.

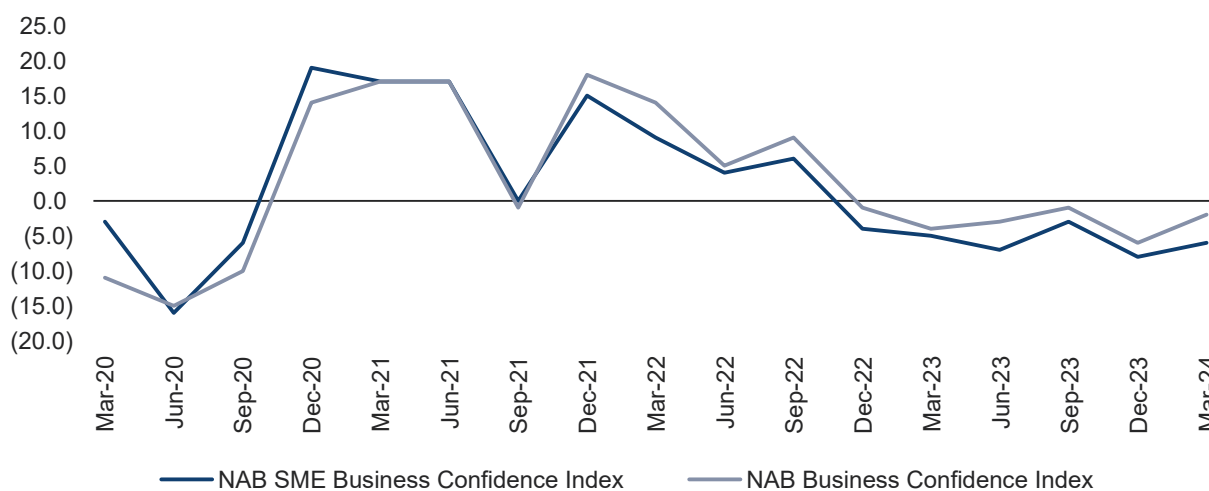
7.5.2 Business confidence

Demand for finance is closely linked to the business confidence index (BCI). Higher business confidence implies a more optimistic economic outlook and can lead to an uplift in borrowing as businesses seek funds to invest in capital equipment and business improvements, and working capital needs in order to support growth.

As illustrated in the following chart, business confidence in Australia declined in 2022 and 2023, coinciding with the increase in the official cash rate as the RBA sought to reduce inflation.

The following chart illustrates the movement in BCI for businesses and SMEs between January 2020 and March 2024.

NAB Business and SME Business Confidence Index



Source: Various NAB Quarterly Business Surveys between Q1 2020 and Q1 2024.

Small businesses are typically more sensitive to the economic cycle due to their scale, pricing power and credit constraints. Small business confidence has been slightly below that of larger firms since 2021. The RBA notes that business confidence is lower among retail firms relative to other industries.⁴⁹

7.5.3 Default trends and credit requirements

Recent macroeconomic trends and the overall economic slowdown has created a challenging environment for businesses in Australia and New Zealand. Small businesses in particular have faced reduced demand as well as higher labour and input costs, which has negatively impacted cash flows and profit margins.

In light of this, the 2023 calendar year saw a rise in late payment days and businesses becoming insolvent:

- average trade late payment days in Australia and New Zealand were observed by credit reporting agency, illion Australia Pty Ltd (formerly known as Dun & Bradstreet), to have increased sharply from approximately 9.6 days to 15.3 days late. The industries most affected were accommodation, food services and retail and construction;⁵⁰ and
- a higher number of businesses became insolvent in 2023 compared to the prior year, particularly in the construction, accommodation and food services industries.⁵¹ ASIC reported that 7,942 in Australia entered into external administration for the financial year ending 30 June 2023, representing a 61.7% increase year-on-year.⁵² Similar distress has been evidenced in New Zealand. According to annual statistics produced by the New Zealand Companies Office, there was a total of 1,937 combined

⁴⁹ Reserve Bank of Australia, Recent Developments in Small Business Finance and Economic Conditions, September 2023.

⁵⁰ illion, L. Tsang, 'What is the data telling us about 2024?'

⁵¹ Ibid.

⁵² ASIC, Annual Corporate Insolvency Statistics.

company liquidations, receiverships and voluntary administrations for the financial year ending 30 June 2023, reflecting a 44.0% uplift year-on-year.⁵³

Small businesses also face higher borrowing costs than larger businesses as they are typically riskier from the perspective of a lender. On average, small businesses are approximately twice as likely to default on their loans as larger businesses.⁵⁴

As interest rates have risen, banks have tightened their lending criteria, placing greater scrutiny on customer credit history and lowering debt-to-income ratio limits. This has consequently reduced lending to heavily indebted borrowers.

7.5.4 Competition

The industry has experienced increased competition with the growth in fintech and other non-bank lenders, accelerated by the increasing popularity of online lending and digital banking services. This has prompted participants to invest in technology, expand offerings and improve customer service, credit risk assessment and loan processing times.⁵⁵

As discussed in Section 7.3.2 of this report, fintech lenders to small businesses compete against traditional banks through speed of service and technological innovation, and also benefit from being less heavily regulated allowing them to offer more flexible financial solutions. In addition, they incur lower entry costs and lower cost bases with no physical branches required due to their online presence. On the other hand, banks benefit from a lower cost of funding.

Banks focus their efforts on attracting borrowers via pricing in order to compete with each other. All else equal, a higher degree of competition typically results in lower lending rates.⁵⁶ Competition is focused on higher quality loans with tight credit settings, noting that margins associated with such loans tend to be lower.

7.5.5 Industry outlook

The economic outlook across Australia and New Zealand remains uncertain. Key trends that are expected to impact small business lending in 2024 include:

- **increasing digitalisation and technological transformation:** small businesses are increasingly using online services to manage their operations. Meanwhile, lenders continue to invest in technology to improve performance, assess creditworthiness and transform their product offering. Together, these trends may increase awareness of online lending products and facilitate better access to finance;
- **continued diversification by finance brokers:** in light of increasing competitive pressures and other regulatory changes within the traditional brokerage products such as mortgages, brokers are seeking alternative sources of income, including business loans;
- **macroeconomic outlook:** as illustrated in Section 7.5.1 of this report, inflation has eased across Australia and New Zealand since 2023. In terms of the outlook, the RBA expects that inflation in Australia will return to the target range of 2-3% in the second half of 2025, and to the midpoint in 2026. Meanwhile, the RBNZ has forecast that inflation will return to within the 1-3% target range by the end of 2024, before hitting the 2% midpoint by the June 2026 quarter^{57,58}. As inflation continues to ease, growth in business costs are expected to slow, however, consumer demand and expenditure are expected to remain relatively weak.⁵⁹ As at February 2024, many economic forecasters predicted both reserve banks would start cutting official cash rates in the second half of 2024, which would provide relief for borrowers and boost business confidence. On 7 May 2024, however, following a higher-than-expected inflation report for the March quarter, the RBA decided to keep the cash rate at a 12-year high of 4.35%. There is speculation that interest rates may rise again.

⁵³ New Zealand Companies Office, Latest Company Statistics, Monthly Company Statistics Since 2001.

⁵⁴ Reserve Bank of Australia, Recent Developments in Small Business Finance and Economic Conditions, September 2023. Reserve Bank of Australia, The Current Climate for Small Business Finance, September 2022.

⁵⁵ KPMG, 'From Dream to Delivery, Better practices for Australian lenders on the technology transformation journey', April 2023.

⁵⁶ Reserve Bank of Australia, 'Banks' Funding Costs and Lending Rates'. <https://www.rba.gov.au/education/resources/explainers/banks-funding-costs-and-lending-rates.html>.

⁵⁷ Reserve Bank of Australia, Statement on Monetary Policy – May 2024.

⁵⁸ Reserve Bank of New Zealand, Monetary Policy Statement – May 2024.

⁵⁹ Westpac survey, October 2023.

Given the outlook for small businesses, non-bank lenders will need to be increasingly focused on:

- managing their credit risk. This will include tightening their loan conditions;
- managing their duration profile given that they typically borrow on variable rate terms but lend on fixed rates; and
- ensuring their operating costs are tightly managed and reflect an operating environment of slower growth.

8 Profile of Prospa

8.1 Background

Prospa is an ASX listed online lending company that provides online lending services to small businesses in Australia and New Zealand. It was founded in 2012 by Gregory Moshal and Beaumont Bertoli with funding from Entrée Capital. In 2013, it implemented same business day loan approval capability and introduced an intuitive online application functionality for small business owners to access commercial credit.

Prospa was listed on the ASX on 11 June 2019 at \$3.78 per share. In August 2019, Prospa established its first warehouse facility to fund New Zealand Small Business Loans, and by the end of FY20 had launched two new products: a small business loan and line of credit.

Since late 2022, Prospa has faced challenging macroeconomic conditions with an increase in default rates and rising interest rates. In response, Prospa has focused on:

- **cost management:** Prospa undertook a cost restructure in March 2023 to streamline the company's operating model and rationalise product builds, resulting in a \$1 million run rate savings per month.⁶⁰ Further cost reductions are planned;⁶¹
- **credit performance:** tightening credit risk settings and implementing targeted measures to manage credit performance across the portfolio; and
- **debt collection:** increasing focus on debt collection and recoveries through increased investment in systems and people.

Prospa has continued to upgrade its core technology, and in FY23, enhanced its customer relationship platform and commenced the roll out of a new banking platform. The new platform is expected to be completed by the end of FY24 and deliver a lower technology and operations cost base for the core business, making it more scalable.⁶²

Since inception, Prospa has delivered over \$4.0 billion in loans and facilities to more than 54,000 unique small business customers, with a customer net promoter score as at 31 December 2023 above 70. On 26 February 2024, the last trading day prior to the announcement of the Transaction, Prospa had a market capitalisation of \$61.5 million.⁶³

8.1.1 Strategy

Prospa's growth strategy is to scale its credit product portfolio and deliver an all-in-one account for small business with lending, financial management and transactions available through one platform saving them time and providing real time insights specific to their business.

Prospa's key focus areas for the remainder of FY24 are to complete the roll out of its new platform, attract and engage high value customers and build customer affinity and lifetime value. It also plans to continue to focus on cost management, credit performance and debt collection.

⁶⁰ Prospa FY23 Results Presentation.

⁶¹ Prospa H1 FY24 trading update.

⁶² Prospa FY23 Annual Report.

⁶³ Calculated as Prospa's closing price on 26 February 2024 of \$0.375 multiplied by 163,965,994 ordinary fully paid Prospa Shares on issue.

8.2 Operations

8.2.1 Overview

The company offers business accounts and lines of credit, as well as small business loans. As at 31 December 2023, Prospa had closing gross loan book of \$807.4 million. It serves more than 21,000 active customers in a range of industries including art and lifestyle, building and trade, financial services, hair and beauty, health, hospitality, manufacturing, professional services, retail, transport and wholesaling via a multi-channel distribution network. It employed around 300 people as at 31 December 2023, noting this has reduced to 280 following the cost reductions referred to in section 8.1 of this report.

8.2.2 Products and Technology

The following tables provide an overview of Prospa's product offerings.

Small Business Credit Solutions

Credit Solution	Loan Size Limit	Product Description
Prospa Small Business Loan	>\$5,000 to < \$150,000	<p>Term Loan:</p> <ul style="list-style-type: none"> 3-36 month term Fixed interest rate with daily, weekly or fortnightly repayments. Pricing based on credit quality No asset security required to access total Prospa funding up to \$150,000 For total Prospa funding over \$150,000, security registered on the Personal Property Securities Register (PPSR) is required For all loans to an entity type other than to a sole trader, a personal guarantee is required
Prospa Business Loan Plus	>\$150,000 to <\$500,000	<p>Term Loan:</p> <ul style="list-style-type: none"> Up to 36 month term Fixed interest rate with weekly repayments. Pricing based on credit quality For total Prospa funding over \$150,000, security registered on the PPSR is required, and/or property security depending on credit approval conditions For all loans to an entity type other than to a sole trader, a personal guarantee is required
Prospa Business Line of Credit	>\$2,000 to < \$150,000	<p>Line of credit:</p> <ul style="list-style-type: none"> 24 month term, followed by a 12 month amortising repayment plan (if not extended) Revolving access to cash to cover small business working capital requirements Interest calculated only on funds drawn No asset security required to access total Prospa funding up to \$150,000 For all loans to an entity type other than to a sole trader, a personal guarantee is required

Source: Prospa.

Transaction Banking	Product Description
Prospa Business Account	<p data-bbox="541 342 895 367">Everyday Transaction Account</p> <ul data-bbox="541 378 1422 689" style="list-style-type: none"> <li data-bbox="541 378 1422 432">▪ Web and Application based user experience that enables small business cash flow and account management <li data-bbox="541 443 1422 521">▪ Provided by Prospa’s third party provider, Hay Limited. Deposits are made by electronic funds transfers from an account held with another financial institution, and deposits are held by an ADI <li data-bbox="541 533 1270 557">▪ Able to send, receive and make payments near instantaneously <li data-bbox="541 568 1070 593">▪ Linked to Prospa’s Visa Business Debit Card <li data-bbox="541 604 1390 658">▪ Flexible payment options through Prospa website, Prospa App, with BPAY, Apple Pay & Google Pay functionality <li data-bbox="541 669 810 694">▪ Integration with Xero

Source: Prospa.

Additional products include Prospa branded VISA Business Debit Card, BillPay, invoicing and expense management tools, Business Account, Capital Products and intuitive digital solutions such as Prospa’s Mobile apps in Australia and New Zealand, and partner web portal.

The ongoing investment in the Prospa Business Account aims to develop Prospa’s transaction banking offering, connecting customers with Prospa across the life cycle as well as enabling increased cross-selling of credit products within the Business Account.

Development of the Prospa Business Overdraft product, which was linked to the Business Account, was paused in FY23. Prospa noted in the FY23 Annual Report that as operating conditions remain uncertain, Prospa had chosen to focus on the existing product offerings within the business at that time, as well as noting that Prospa would continue to evaluate capital investment plans and was committed to delivering innovation to customers over the medium term.

8.2.3 Distribution network

Prospa has a multi-channel distribution model consisting of both direct and partner customer acquisition networks. The direct customer engagement occurs primarily via digital channels (mobile and web) and accounts for approximately 25% of new and repeat loan volume. The majority of Prospa’s loans are originated through its broad partner network comprising over 16,000 distribution partners including finance brokers, aggregator networks, online affiliates, accountants and other advisors. These relationships are not exclusive to Prospa.

8.2.4 Credit risk management

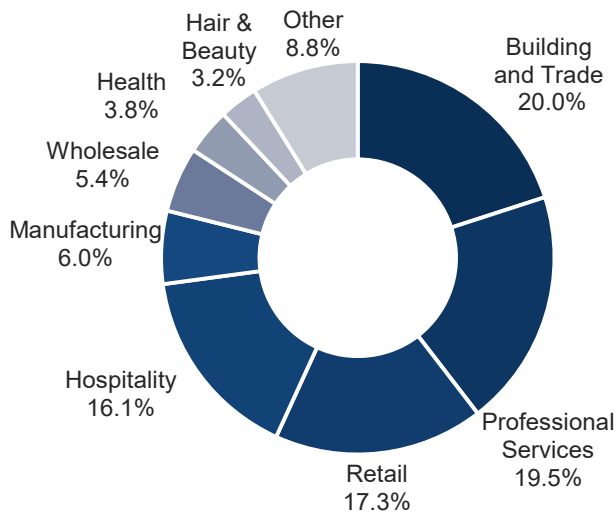
Financial success and profitability relies heavily on Prospa’s credit framework and ability to assess and monitor credit risk accurately, and set pricing appropriately across its risk grades given the expected levels of default, within an efficient operating structure.

Prospa has a framework and supporting policies for managing credit risk associated with its lending activities. The framework and policies encompass all stages of the credit cycle: origination, evaluation, approval, documentation, settlement, ongoing administration and collection activities. Prospa has established criteria for making lending decisions which can vary by industry segment, past credit performance and loan purpose. Key financial ratios monitored include interest coverage, debt serviceability and balance sheet structure. These are key focus areas for Prospa when establishing credit risk appetite and evaluating portfolio exposures.

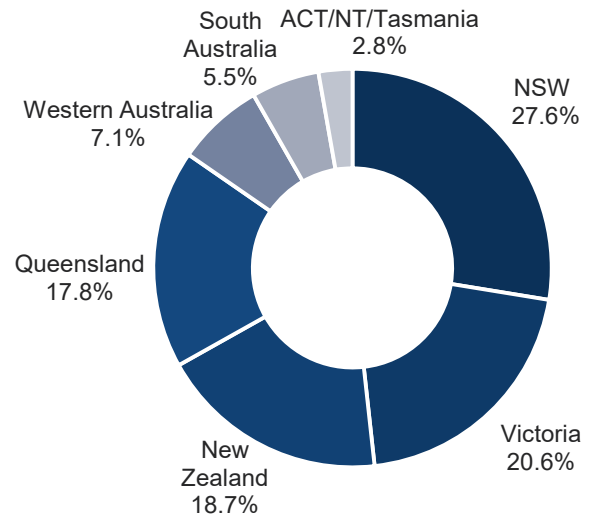
8.2.5 Loan book

Prospra's loans have a maximum term of 36 months, resulting in a loan book profile that is heavily dependent on new originations to grow the loan book. Prospra's loan book as at 31 December 2023 is broken down in terms of sector and geography as follows.

Prospra 1H24 Loan Book by Sector



Prospra 1H24 Loan Book by Geography

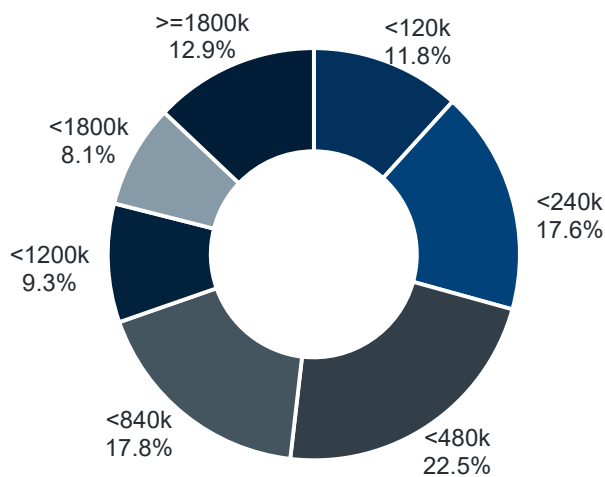


Source: Prospra 1H24 Half Year Report.

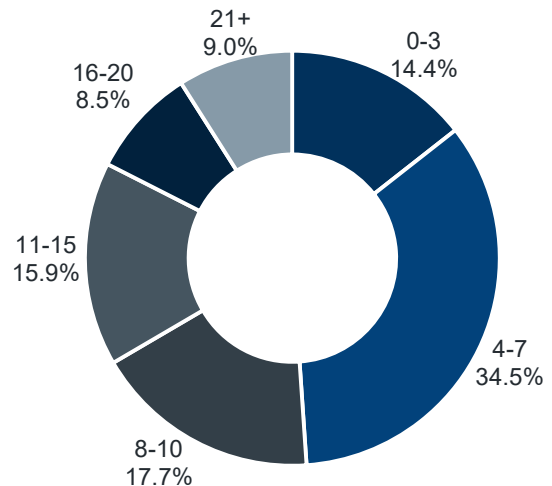
Prospra has a relatively diversified sector exposure, with building and trade and professional services businesses representing approximately 40% of the total loan book, with the rest of the loan book shared across other sectors. Prospra's geographical exposure across Australia and New Zealand is shared largely in accordance with population and economy size.

Prospra's loan book is broken down further in terms of annual revenues and customer business age as follows.

Prospra Loan Book by Annual Revenue



Prospra Loan Book by Number of Years Trading



Source: Prospra.

Prospra has significant exposure to very small businesses, with 51.8% of Prospra's loan book⁶⁴ lent to businesses with less than \$480,000 revenue per annum. Prospra's customer base leans towards more experienced businesses, with only 14.4% of the customer base operating for less than three years.

⁶⁴ As measured by revenue at the time of application for active customers as at 31 December 2023.

8.2.6 Funding

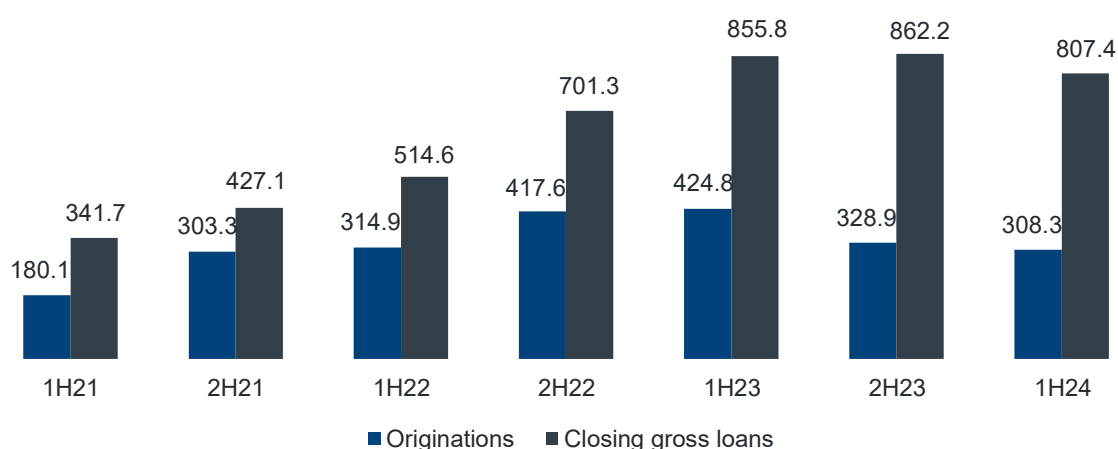
Prosopa funds its loan portfolio and operations with a mix of equity, securitisation warehouse facilities (funded through multiple domestic and global investors), balance sheet cash and a corporate debt facility. Prosopa's funding structures are primarily linked to bank bill swap rates in both Australia and New Zealand and only around 25% of variable rate exposures are hedged. Prosopa's sources of funding and capital are discussed in Section 8.4.1 of this report.

8.2.7 Performance metrics

Originations and closing gross loans

Prosopa's reliance on loan originations is illustrated in the following figure depicting Prosopa's loan origination and total loan book performance over the past three years.

Prosopa Originations & Closing Gross Loans



Source: Prosopa.

Prosopa grew the loan book (as measured by closing gross loans) by 64.2% in FY22, representing strong demand for credit by small businesses as evidenced by the 51.5% growth in originations alongside an increase in the average term of loans in the loan book and strong loan book growth in New Zealand (74.4% increase on FY21). Prosopa noted that a key driver of loan book growth in FY22 was strong small business confidence, with 81% of customers anticipating business growth over the following 12 months and 69% of customers rating the overall health of their business as 'good'.

Prosopa's loan book growth slowed in FY23 to 22.9% with originations increasing 2.9% relative to FY22. The growth in originations was limited due to risk setting changes driven by worsening macroeconomic conditions for small businesses (discussed in Section 7.5 of this report) which limited loan book growth in 2H23. Financial stress in the Prosopa portfolio was evidenced by 3.6% of the portfolio's loan receivables being over 90 days past due as at 30 June 2023 (up from 1.9% at 30 June 2022). Prosopa's growth was also impacted in FY23 by significant increases in funding costs as a result of continued cash rate rises by the Australia and New Zealand central banks (discussed further in Section 7.5 of this report).

Prosopa's loan book declined in 1H24 to \$807.4 million as a result of a 27.4% decline in originations relative to 1H23. The lower originations in 1H24 reflected Prosopa's deliberate tightening of credit settings. Prosopa's loan receivables over 90 days past due remained stable at 3.6% of total portfolio loan receivables (compared to FY23).

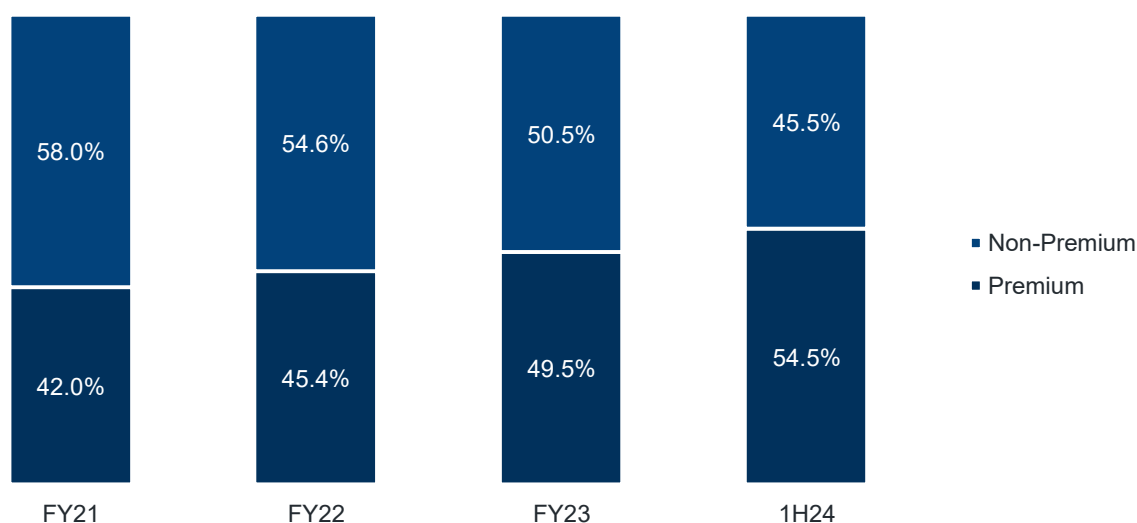
Measures implemented by Prosopa to manage credit risks across the portfolio during the changing macroeconomic environment included a reduction in customer approvals in certain sectors, limiting loan terms and amounts and introducing minimum requirements for business revenue and trading history. In addition, Prosopa has increased its focus on debt collection and recoveries, through increased investment in systems and people.

Originations by customer risk grade

Prospa classifies each customer into one of seven funded risk grades using a ‘Prospa score’, which is calculated by the proprietary Credit Decision Engine using the information obtained from bank statements, credit agency files, ATO statements and other information available in relation to the customer. These are broadly categorised into similar risk levels using two groups: “premium” (which comprises receivables deemed to have a lower credit risk, made up of the top three risk grades), and “non-premium”. This classification is based on a combination of behavioural factors, delinquency trends, and probability of default estimates of the underlying debtor. Premium quality receivables are preferred by lenders, however lower margins are typically associated with loans in this category due to reduced risk and higher competition amongst lenders.

In line with Prospa’s tightening of credit risk settings in 2023, the percentage classified as premium increased to 54.5% of total loans as at 31 December 2023 from 42.0% as at June 2021.

Prospa Loan Classification between June 2021 and December 2023



Source: Prospa Annual Reports, 1H24 Half Year Report.

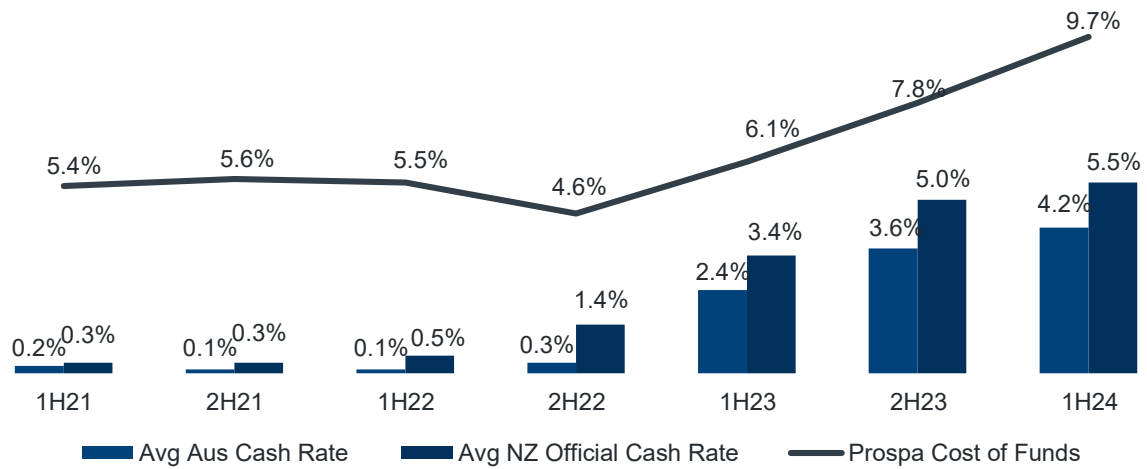
Net Interest Margin, Portfolio Yield and Funding Costs

Net interest margin (**NIM**) reflects the profitability of the loan book and is calculated as interest and other income less funding costs divided by average gross loans, or portfolio yield⁶⁵ less funding costs.

As discussed in Section 8.2.6 of this report, Prospa’s funding costs are mainly variable with limited hedging. Increases in the official cash rates in Australia and New Zealand (refer to Section 7.5.1 of this report) have resulted in Prospa’s cost of funds rising materially from 4.6% in 2H22 to 9.7% in 1H24, as shown in the following chart.

⁶⁵ Portfolio yield is calculated interest and other income derived from the loan book divided by average gross loans.

Prospa Cost of Funds Profile



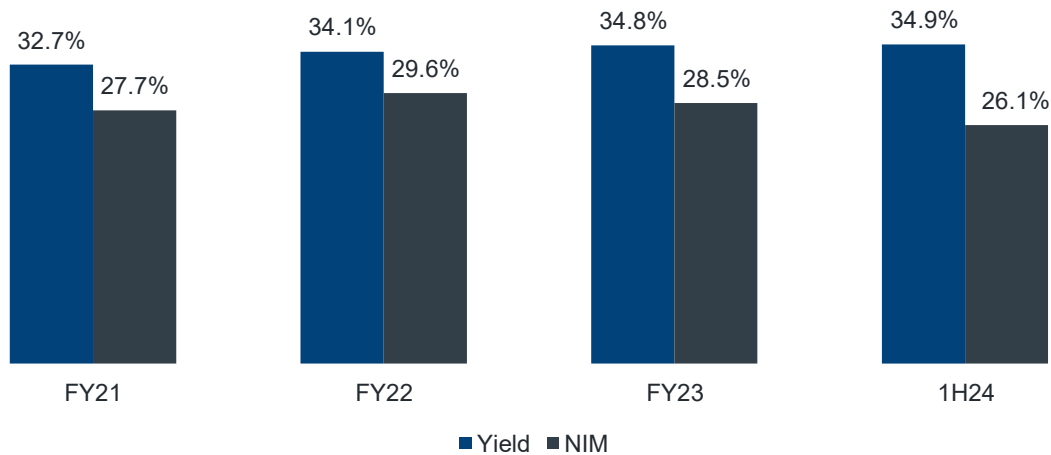
Source: Prospa Investor Presentations.

Prospa's cost of funds increased at a slower pace than the official cash rates as a result of its use of asset backed securitisation, whereby Prospa sells loan receivables to securitisation trust warehouses and securitisation vehicles in exchange for access to cash.

Prospa's portfolio yield remained relatively stable from FY22 to 1H24, despite slower originations and the rise of more premium customers, reflecting that Prospa's products are offered on the basis of fixed interest rates and that certain risk grades have had price increases applied to temper the increase in funding costs.

As a result of the relatively stable portfolio yield and significant increase in funding costs, Prospa's NIM declined from a high of 29.6% in FY22 to 26.1% in 1H24.

Prospa Loan Book Yield and NIM

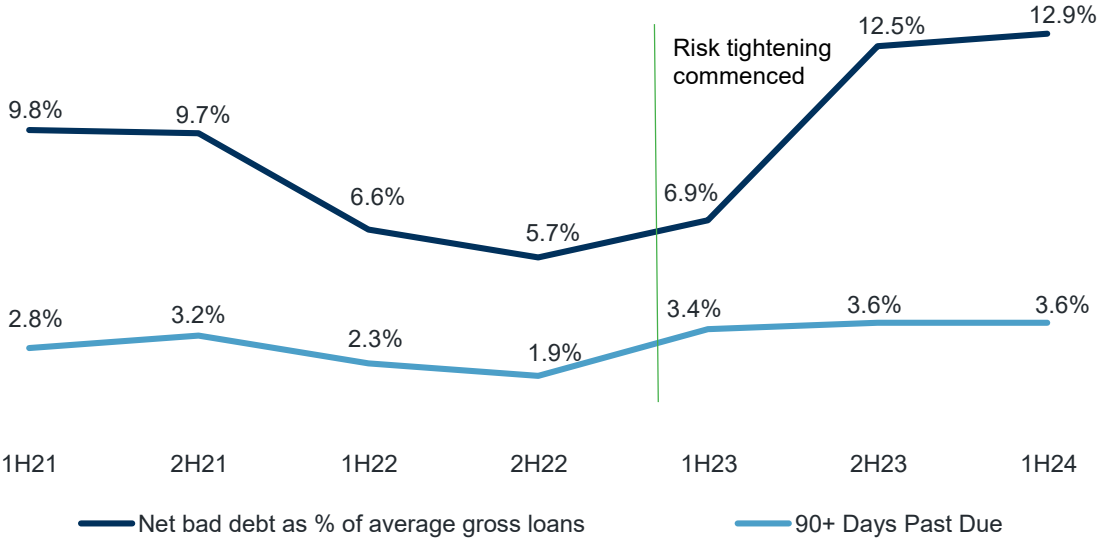


Source: Prospa.

Credit quality metrics

Prospa's key credit quality metrics are bad debts as a percentage of average gross loans and loan receivables over 90 days past due as a percentage of closing gross loans. The movement in these metrics since 1H21 is summarised in the following chart.

Prospa Bad Debts and Receivables



Source: Prospa Investor Presentations and Annual Reports, Kroll analysis.

Prospa’s net bad debts as a percentage of average gross loans declined to 5.7% in 2H22 (9.7% in 2H21) but increased to 12.5% in 2H23 and was higher again in 1H24 at 12.9%. This increase in FY23 and 1H24 was a result of higher-than-expected arrears on Prospa’s loan book, a deterioration of forward-looking economic outlook and a smaller overall loan book as Prospa’s customers experienced greater cost pressures and faced changing consumer demand.

The higher-than-expected arrears predominantly stemmed from origination cohorts in mid-2022 when loans were accepted on the basis of shorter periods of operating performance following restricted trading activity during the COVID-19 pandemic and small businesses were impacted by worsening macroeconomic conditions, prior to Prospa tightening credit settings in FY23. With loan terms of up to three years, the 2022 origination cohort may impact Prospa’s credit losses until 2025.

The proportion of loan receivables over 90+ days past due increased from 1.9% at 30 June 2022 to 3.4% at 31 December 2022, and has increased slightly to 3.6% at 31 December 2023.

8.3 Financial performance

8.3.1 Financial Performance

The financial performance for Prospa in FY21, FY22, FY23 and 1H24 is summarised as follows.

Prospra Financial Performance (\$ Millions)

	FY21 ¹ audited	FY22 ¹ audited	FY23 audited	1H24 reviewed
Interest income ²	101.2	152.0	240.4	121.7
Other income	9.3	14.9	29.8	15.7
Total revenue	110.5	166.9	270.2	137.4
Interest expense	(17.9)	(23.3)	(52.0)	(36.9)
Gross profit	92.6	143.6	218.1	100.5
Loan impairment expenses	(27.3)	(47.3)	(139.4)	(36.3)
Employee expenses	(35.2)	(48.2)	(66.2)	(31.9)
Operating expenses	(29.7)	(35.9)	(41.4)	(19.0)
Total expenses	(92.2)	(131.4)	(247.1)	(87.2)
EBITDA³	0.5	12.2	(28.9)	13.3
Depreciation	(2.7)	(2.6)	(2.5)	(1.2)
Amortisation	(5.4)	(4.7)	(3.7)	-
Impairment of intangible asset	-	-	(24.9)	-
Interest on lease liabilities and corporate debt ⁴	(0.5)	(0.3)	(0.2)	(1.3)
Share-based payments	(4.8)	(3.0)	(3.9)	(1.8)
Profit Before Tax (PBT)	(13.0)	1.7	(64.1)	9.0
Tax	3.5	5.1	19.2	(2.7)
Net Profit After Tax (NPAT)	(9.5)	6.7	(44.9)	6.3
Operating				
<i>Originations</i>	483.4	732.5	753.7	308.3
<i>Originations growth</i>	8.0%	51.5%	2.9%	(27.4%)
<i>Closing gross loans (period end)</i>	427.1	701.3	862.2	807.4
<i>Average gross loans</i>	360.0	523.4	819.5	828.2
<i>Average gross loans growth</i>	(16.9%)	45.4%	56.6%	7.3%
Growth				
<i>Revenue growth (%)</i>	(17.1%)	51.1%	61.9%	7.5%
<i>EBITDA growth (%)</i>	103.0%	2455.6%	(333.1%)	1280.8%
Profitability				
<i>Realised portfolio yield⁵</i>	32.7%	34.1%	34.8%	34.9%
<i>Funding cost rate, annualised (%)⁶</i>	5.9%	5.0%	7.0%	9.7%
<i>NIM as a % of average gross loans⁷</i>	27.7%	29.6%	28.5%	26.1%
<i>Gross margin</i>	83.8%	86.0%	80.7%	73.1%
<i>Net bad debt expense as a % of average gross loans</i>	9.7%	5.7%	9.9%	12.9%
<i>Total employee and operating expenses % of revenue⁸</i>	61.5%	55.8%	41.3%	34.7%
<i>EBITDA margin</i>	0.4%	7.3%	(10.7%)	9.8%
<i>NPAT margin⁹</i>	(10.3%)	4.7%	(20.6%)	6.3%

Source: Prospra Annual Reports, Results Presentations, and Kroll Analysis. Minor variances to reported figures may be due to rounding.

Notes:

- Balances were derived from subsequent year financial statements. Original balances may have been restated.
- Interest income is presented net of transaction costs.
- EBITDA represents earnings before interest on lease liabilities, tax, depreciation, amortisation, share-based payments, FX gain/loss, impairment of intangibles, and restructuring costs.
- Nil corporate debt between FY21 to FY23.
- Portfolio yield is gross yield before commissions.
- Funding cost rate is equal to funding costs / average funding debt.
- Net interest margin is equal to (total revenue less funding costs) / average gross loans.
- Total employee and operating costs represent all operating (profit and loss) and capital (intangible asset) expense in the period.
- NPAT margin is equal to NPAT / gross profit.

In relation to Prospa's consolidated financial performance for FY21 to 1H24, we note:

- Prospa's interest income reflects contracted interest income and any fees that are an integral part of the loan earned from Prospa's loan portfolio, together with adjustments for the amortisation of transaction costs and bank interest. Interest income represents approximately 90% of total income and increased at a compound annual growth rate (CAGR) of 54.1% between FY21 and FY23, driven by growth in average gross loans and rising realised portfolio yields. Interest income increased more moderately by 6.2% from 1H23 to 1H24, reflecting static yields and higher average gross loans as discussed in Section 8.2. of this report;
- other income reflects other fees generated such as late fees, servicing fees received from syndicate partners and interest on cash deposits. Other income increased at a CAGR of 79.4% between FY21 and FY23, and 18.9% between 1H23 and 1H24, driven primarily by increases in income from late fees which increased by 111.3% in FY23 (43.2% in FY22). Late fee income growth in FY23 and 1H24 reflects an increase in aged receivables as Prospa's customers faced more challenging economic conditions;
- there is some seasonality in originations across the year, impacted by small businesses' increased need for cash in May, June and December to build inventories;
- in FY22, interest expense increased by 30.4%, reflecting an increase in borrowings of 78.1%, partially offset by a reduction in Prospa's funding rate from 5.9% to 5.0% resulting from greater funding efficiencies from the issuance of the asset backed securitisation funding facilities (refer to Section 8.4.1). In FY23, interest expense increased by 123.3%, reflecting a 21.6% increase in borrowings and an increase in the funding rate to 7.0% resulting from increases in the official cash rate across Australia and New Zealand. This led to a decline in gross margin from 86.0% to 80.7%. In 1H24, the annualised funding rate increased further to 9.7% (compared to 6.1% in 1H23), resulting in a 72.2% increase in interest expense and a decline in gross margin from 83.2% in 1H23 to 73.1% in 1H24;
- loan impairment expenses are comprised of receivables written-off during the year as bad debts and movements in provisions for expected credit losses, net of recoveries. In FY23, loan impairment expense increased by 194.7% due to a \$50.9 million increase in loan write offs resulting from the heightened macroeconomic challenges faced by Prospa's customers during the period. Prospa also elevated its expected credit loss provision in FY23 by \$58.7 million as net bad debts increased. In 1H24, the loan impairment expense declined by 35.9%, despite net bad debts increasing to 12.9%, primarily driven by a partial reversal of provisions for expected credit losses throughout the period (refer to Section 8.4 of this report);
- employee expenses increased at a CAGR of 37.1% in the period between FY21 and FY23, however, growth in employee expenses was slower than revenue growth for the period. In 1H24, employee expenses increased 15.6% on 1H23 levels;
- operating expenses increased at a CAGR of 18.1% between FY21 and FY23 as Prospa increased expenditure on product, design, and technology as part of its initiatives to scale up existing products and to grow the business account. Product, design, technology, and analytical expense totalled \$12.9 million in FY23 compared to \$8.0 million in FY22, and \$5.8 million in FY21.⁶⁶ Despite the increase in total operating expenses, operating efficiency has improved through Prospa's management of its underlying cost base and cost restructure in FY23. The trend of greater operational efficiency continued in 1H24 with operating expenses declining by 10.8% despite an increase in revenue. Total operating and employee expenses as a percentage of revenue have decreased from 61.5% in FY21 to 34.7% in 1H24;
- Prospa's EBITDA improved in FY22 due to increased gross margin and the aforementioned improved cost efficiencies. However, the subsequent increase in interest and loan impairment expenses in FY23 resulted in a decrease in EBITDA to a loss of \$28.5 million. EBITDA improved in 1H24 due to the aforementioned decline in loan impairment expense and the increased cost efficiency;
- depreciation expense since FY21 has been primarily related to Prospa's right of use lease assets. Amortisation expense related to Prospa's acquired and in-house developed software. In FY23, Prospa ceased capitalising its investment in system re-platforming and product development when the

⁶⁶ Prospa FY23, FY22 and FY21 Annual Reports.

accounting recognition policy requirements were no longer met, and subsequently fully impaired the remaining \$24.9 million intangible asset balance; and

- the \$0.8 million of restructuring cost in FY23 related to the aforementioned cost restructure undertaken in March 2023.

8.3.2 Outlook

Prosopa has not released earnings guidance for FY24 or beyond. In addition, as far as Kroll is aware, Prosopa is not followed by any brokers.

8.4 Financial position

The financial position for Prosopa as at 30 June 2021, 2022, and 2023 and as at 31 December 2023 is summarised as follows.

Prosopa Financial Position (\$ Millions)

	As at 30 June			As at 31 December
	2021 audited ¹	2022 audited ¹	2023 audited	2023 reviewed
Cash and cash equivalents	80.4	105.8	96.9	117.2
Loan receivables ²	393.4	650.5	752.7	715.1
Bank deposits	1.1	-	0.0 ³	1.4
Other financial assets	-	0.6	1.3	1.0
Derivative financial assets	0.0 ³	7.5	0.7	-
Prepayments and other assets	2.5	3.2	3.1	3.3
Property, plant, and equipment	0.7	0.3	0.1	-
Right of use assets	5.0	7.9	5.9	4.7
Intangible assets	7.2	17.9	-	-
Deferred tax assets	14.3	18.3	38.3	36.0
Total assets	504.5	812.1	899.0	878.7
Trade and other payables	7.8	12.8	10.0	5.5
Employee benefits	5.6	8.0	9.6	8.1
Current tax liabilities	-	1.5	-	-
Borrowings	359.9	640.8	779.1	757.8
Lease liabilities	6.7	9.5	7.3	6.0
Derivatives	-	-	-	0.5
Total liabilities	380.0	672.7	806.0	778.0
Net assets	124.5	139.4	93.0	100.8
Issued capital	610.9	611.8	610.9	610.9
Reserves	(422.5)	(415.2)	(415.9)	(414.5)
Accumulated losses	(63.9)	(57.2)	(102.1)	(95.7)
Total Equity	124.5	139.4	93.0	100.8
Statistics				
<i>Number of shares at period end (millions)</i>	162.9	162.5	163.4	163.7
<i>Net assets per ordinary share</i>	\$0.76	\$0.86	\$0.57	\$0.62
<i>Gross Loan Receivables</i>	427.1	701.3	862.2	807.4
<i>Provision Rate⁴</i>	7.9%	7.2%	12.7%	11.4%

Source: Prosopa Annual Reports, Results Presentations, and Kroll Analysis. Minor variances to reported figures may be due to rounding.

Notes:

1. Balances were derived from subsequent year financial statements. Original balances may have been restated.
2. Loan receivables are presented net of provisions for expected credit loss.
3. Less than \$0.05 million.
4. Provision rate is equal to allowance for expected credit loss/total loan receivables.

In relation to the financial position of Prospa, we note:

- as at 31 December 2023, the balance of cash and cash equivalents consisted of \$42.9 million in unrestricted cash and \$74.3 million in restricted cash. As at 31 March 2024, the balance of unrestricted cash had declined to \$32.3 million, impacted by lower cash income, and restricted cash was \$70.0 million. Included in the unrestricted cash is the \$12 million of drawn iPartners Corporate debt required to be repaid on July 2024 (if not extended under the Transaction). Restricted cash is held under Prospa's funding facilities and is only available to purchase further receivables originated by the group, pay down the warehouse facility in the relevant trust, and distribute any excess income to the residual unitholder each month after paying interest and fee expenses. Prospa management has advised that all of the unrestricted cash as at 31 March 2024 is required for the day-to-day operations of the business and is not surplus to operations;
- the majority of Prospa's assets are loan receivables. The net receivables balance declined by 7.7% between 31 December 2022 and 31 December 2023 in line with the decline in loan originations over the same period. As at 31 December 2023, 81.3% of gross loan receivables were related to customers in Australia while the remainder were related to New Zealand (81.9% as at 30 June 2023);
- the balance of loan receivables reflects the amortised cost of loan receivables including capitalised origination fees net of capitalised transaction costs, less the estimated allowance for expected credit losses. Prospa's estimate for expected credit losses is comprised of two parts: a standard modelled provision based on the probability-weighted estimate of credit losses over the life of the financial instrument, and an economic overlay. From 30 June 2022 to 30 June 2023, Prospa's allowance for expected credit losses increased by 115.5%. This increase was a result of an increase in the provision rate on the back of higher-than-expected loan arrears and a deterioration in the forward looking economic outlook. In FY23, the provision rate increased from 7.2% to 12.7%. In 1H24 despite an increase in the standard modelled provision, the overall provision rate reduced to 11.4% due to an improved outlook for the economic overlay;
- right of use assets and lease liabilities predominantly relate to Australian operations and declined by \$2.2 million and \$2.5 million respectively in the year to 31 December 2023;
- as discussed in Section 8.3.1 of this report, Prospa impaired all intangible assets (opening and additions) during FY23;
- the balance of net deferred tax assets as at 31 December 2023 includes a \$3.4 million benefit associated with cumulative unused tax losses of \$11.2 million;
- trade and other payables and employee benefits are predominately current liabilities; and
- net assets per share increased from \$0.57 as at 30 June 2023 to \$0.62 as at 31 December 2023 following the reduction in borrowings.

As at 31 March 2024, Prospa's net tangible asset balance has declined to \$92.3 million, representing a book value per share of \$0.56.

8.4.1 Sources of funding and capital

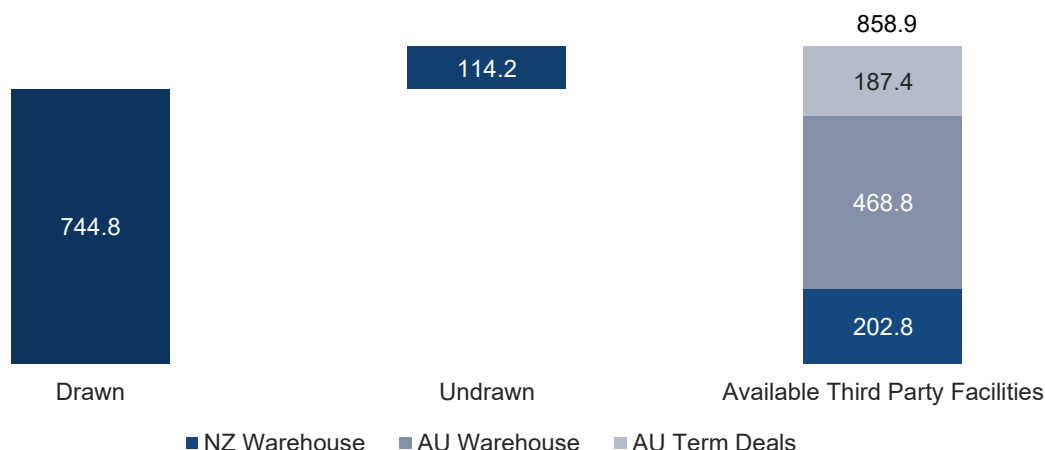
As at 31 December 2023, Prospa recorded borrowings of \$757.8 million on its balance sheet, which comprised drawn debt of \$744.8 million in securitisation trust notes, \$2.6 million in interest payable and \$12.0 million in corporate borrowings, net of \$1.6 million in amortised borrowing costs.

As at 31 December 2023, Prospa had third-party loan facilities of \$858.9 million of which \$744.8 million (86.7%) was drawn.⁶⁷ The majority of this funding is via Australian Warehouse facilities (\$468.8 million), with New Zealand Warehouse facilities (\$202.8 million) and Australia Term Deals (\$187.4 million) supporting Prospa's debt profile.⁶⁸ Almost all facilities are variable rate facilities. The following profile of Prospa's available loan facilities are illustrated as follows.

⁶⁷ Prospa 1H24 Half Year Report, p.35.

⁶⁸ Prospa 1H24 Investor Presentation, p.15.

Prospa Available Limited Recourse Facilities as at 31 December 2023 (\$ Millions)



Source: Prospa 1H24 Results Presentation. Minor variances to reported figures may be due to rounding.

On 5 April 2024, Prospa announced its third public asset backed securities offering, PROSPARous Trust 2024-1. Prospa settled the term deal on 11 April 2024 with a limit of \$200 million.

The maturity of cash flows relating to Prospa’s loan facilities as at 30 June 2023 are detailed in the following table.

	1 year or less	Between 1 and 3 years	More than 3 years
Cash flows on interest- bearing loans	64.4	642.5	336.8

Source: Prospa Annual Report, 30 June 2023.

The weighted average duration of the availability period of Prospa’s securitisation trust was 38 months as at 30 June 2023, compared to the weighted average contractual product life of 22 months.⁶⁹

Prospa has various financial and non-financial covenants under its securitised financing facilities. Ongoing non-compliance of triggers and portfolio parameters can affect funding availability, repayments and Prospa’s liabilities. Receivables funded with the securitised facilities are tested against certain triggers and parameters each time a receivable is sold into the trusts and monthly. There were no unauthorised breaches of any triggers or portfolio parameters at 31 December 2023.

8.4.2 Hedging

Prospa uses interest rate caps to hedge its exposure to interest rate risks related to its variable funding facilities. As at 31 December 2023, Prospa had one interest rate cap with a principal value of \$187.4 million (approximately 25% of its variable rate exposure) and recognised \$0.5 million of derivative financial liabilities. Consequently, it retains a significant variable rate exposure.

⁶⁹ Prospa 1H24 Appendix 4D and Half Year Report.

8.5 Cash flow statement

The cash flow for Prospa in FY21, FY22, FY23 and 1H24 is summarised as follows.

Prospa Cash Flows (\$ Millions)

	FY21 audited ¹	FY22 audited ¹	FY23 audited	1H24 reviewed
Interest received	107.5	161.5	256.2	129.2
Other income received	10.0	11.5	17.7	8.5
Interest paid	(17.9)	(24.2)	(52.6)	(34.9)
Payments to suppliers and employees	(71.1)	(90.0)	(124.5)	(65.0)
Income tax refunded	0.7	-	-	-
JobKeeper payments received	3.9	-	-	-
Net cash provided by operating activities before movement in loans advanced	33.1	58.8	96.8	37.9
Net increase in loans advanced to customers	(89.0)	(297.9)	(230.3)	8.8
Net cash used in operating activities	(55.9)	(239.1)	(133.5)	46.6
Payment for other financial assets	-	(0.6)	(0.2)	0.5
Payments for intangibles	(4.8)	(15.4)	(10.7)	-
(Increase)/decrease in bank deposits	-	1.1	0.0 ²	-
Other investing cash flows	-	-	-	(1.3)
Net cash used in investing activities	(4.8)	(14.9)	(10.9)	(0.8)
Proceeds from borrowings	136.9	389.1	430.8	31.6
Repayment of borrowings	(104.4)	(107.6)	(292.3)	(68.1)
Principal repayment of lease liabilities	(2.0)	(2.3)	(2.5)	(1.3)
Share buyback	0.0 ²	(0.4)	(0.6)	-
Treasury share purchase	-	-	(0.2)	-
Proceeds from exercise of options	0.2	0.0 ²	-	-
Proceeds from sale of loan shares	0.1	1.3	-	-
Cash settled employee rights	-	0.0 ²	-	-
Proceeds from Corporate Debt	-	-	-	12.0
Net cash from financing activities	30.8	280.1	135.2	(25.9)
Opening cash	110.3	80.4	105.8	96.9
Net cash flow	(29.9)	26.1	(9.2)	19.9
Effects of exchange rate changes on cash and cash equivalents	-	(0.7)	0.4	0.3
Closing Cash	80.4	105.8	96.9	117.2

Source: Prospa Annual Reports and Results Presentations, Kroll Analysis. Minor variances to reported figures may be due to rounding.

Notes:

- Balances were derived from subsequent year financial statements. Original balances may have been restated.
- Less than \$0.05 million.

In relation to Prospa's cash flow for FY21 to 1H24, we note the following:

- excluding the impact of net loans advanced, Prospa's operating cash flow grew strongly from FY21 to FY23, underpinned by growth in interest and other income received and improved operating efficiencies as discussed in Section 8.3.1 of this report. The growth was slightly offset by a large increase in payments to suppliers and employees in FY23 which related primarily to increased product and employee expenses. From 1H23 to 1H24, operating cash flows before loans advanced declined by 19.5% due primarily to increases in interest paid as a consequence of the aforementioned increased annualised funding costs;
- operating cash flows after net loans advanced to customers were negative between FY21 to FY23 as a result of the growth in the company's loan book. In 1H24, operating cash flows after net loans advanced became positive due to the aforementioned decline in loan originations over the half year;

- negative investing cash flows between FY21 and 1H24 were driven primarily by outflows relating to the acquisition and development of software;
- fluctuation in Prospa's financing cashflows between FY21 and FY23 was primarily driven by net movements in the company's funding facilities. In 1H24, financing cash flows were negative as Prospa reduced borrowings; and
- Prospa commenced a buy-back of up to 10% of its issued share capital over a 12-month period on 16 February 2022. The buyback ended on 14 February 2023 with approximately 1.0% of shares repurchased.⁷⁰

8.6 Capital structure and ownership

As at 12 June 2024, Prospa is expected to have the following securities on issue:

- 164,607,137 ordinary shares on issue;
- 7,087,805 options on issue; and
- 11,312,814 performance rights on issue.

8.6.1 Ordinary Shareholders

As at 30 May 2024, Prospa had 1,380 registered ordinary shareholders. The top 20 ordinary shareholders were primarily investment managers, nominees and custodians and accounted for 90.0% of Prospa Shares. Retail investors (investors holding less than 100,000 shares) accounted for 96.0% of total shareholders and 5.7% of Prospa Shares on issue.⁷¹

Prospa has a limited free float with a number of insiders holding substantial positions. It has received notices from the following substantial shareholders.

Prospa Substantial Shareholders as at 30 May 2024

Substantial Shareholder	Date of notice	Number of shares	Percentage ³
Curfore Pty Ltd	14 June 2019	52,092,763	31.7%
Gregory Moshal ¹	9 January 2024	25,210,175	15.3%
Airtree Ventures Entities	17 June 2019	14,605,185	8.9%
Beaumont Bertoli ²	8 January 2024	9,809,644	6.0%
AustralianSuper Pty Ltd	8 September 2023	9,487,236	5.8%

Source: ASX Announcements.

Notes:

1. Includes 197,835 directly held ordinary shares and 25,012,340 indirectly held ordinary shares.
2. Includes 108,404 directly held ordinary shares and 9,701,240 indirectly held ordinary shares.
3. Calculated as at 12 June 2024.

8.6.2 Equity incentives

Prospa operates various incentive plans under which options and performance rights are granted to key employees and other senior executives. In respect of certain equity incentives, vesting is subject to certain performance and service criteria over various periods.

Prospa has the following options and performance rights on issue.

Prospa Options and Performance Rights as at 12 June 2024

Security	Unvested	Vested
Total options	5,885,485	1,202,320
Total performance rights	11,312,814	-

Source: Prospa management.

⁷⁰ Per S&P Capital IQ.

⁷¹ Source: Prospa management.

Each option (after paying the option’s exercise price) and performance right entitles holders to be allocated one Prospa Share, subject to the satisfaction of certain conditions.

As agreed between Prospa and BidCo in relation to the Scheme Implementation Deed, if the Scheme becomes effective, the Prospa Board will determine that:

- all Performance Rights which have not vested as at that date and been exercised (anticipated to be 11,183,438 Performance Rights on 1 August 2024) will lapse for no consideration. This will cover all Performance Rights on issue, other than any Performance Rights which vest and are exercised in the ordinary course of business prior to the Effective Date; and
- all Options which have not become exercisable or not validly exercised by the participant will lapse for no consideration. This will cover all Options on issue as at the Effective Date.

The net impact is that Prospa will:

- pay no more than \$0.3 million in cash to equity incentive holders; and
- issue no more than 129,376 Prospa Shares;

prior to the Scheme Record Date such that the diluted number of Prospa Shares at the Scheme Record Date will be 164,736,513.

8.7 Share price performance

In assessing Prospa’s share price performance, we have:

- analysed price and volume performance since listing on the ASX on 11 June 2019;
- compared Prospa’s share price movement to the ASX Small Ordinaries, the S&P ASX 200 Financials Sector Index (**ASX 200 Financials**), commercial lending peers and consumer lending peers; and
- assessed the VWAP and trading liquidity of Prospa shares for the period up to the announcement of the Transaction on 26 February 2024.

8.7.1 Recent share market trading

Prospa’s share price performance and the volume of shares traded over the period from 11 June 2019 to 30 May 2024, is illustrated as follows.

Prospa Share Price and Volume since 11 June 2019



Source: S&P Capital IQ; Kroll analysis.

Prospa’s shares listed on the ASX on 11 June 2019 at an offer price of \$3.78 and closed at a high of \$4.96 on 9 September 2019 following the release of positive FY19 earnings results. Following a downgrade of earnings guidance on 18 November 2019, the share price declined by 45.6% on heavy trading in the four subsequent trading days to close at \$2.10. Specifically, Prospa downgraded FY19 and 1H20 EBITDA forecasts by 62.3% and 64.6% due to acceleration of growth investment, one-off expenditures, cost overruns

and a reduction in the average interest rates on loans written as the share of customers with higher credit quality in its loan book increased. The share price then continued to decline and closed at a low of \$1.68 on 19 December 2019. During this period, Prospa's share price traded at a substantial premium to NTA per share.

From mid-February 2020, Prospa's share price declined by 76.8% on heavy trading to close at a low of \$0.48 on 31 March 2020, coinciding with the market wide sell off in response to the onset of the COVID-19 pandemic. During this sell off, Prospa's share price declined beneath its NTA per share for the first time. In particular, on 19 March 2020, Prospa released a trading update, withdrawing its FY20 guidance on loan originations and revenue in response to increased uncertainty regarding the economic impact of the COVID-19 pandemic, and the share price declined by 33.3% in the following three trading days. Prospa's share price increased in subsequent months and closed at a high of \$1.31 on 10 June 2020, reflecting the recovery in the overall sharemarket, the announcement on 14 April 2020 of the Australian Government's "SME Guarantee Scheme" which would provide Prospa with government backed guarantees for 50% of the outstanding facility balance on eligible products, and a trading update on 10 June 2020 which indicated that the business was fairly resilient to the COVID-19 pandemic.

Prospa's share price then declined to close at a low of \$0.70 on 20 August 2020. This followed the release on 31 July 2020 of Prospa's unaudited financial results for FY20, which indicated an additional \$20 million provision for credit losses as an economic overlay to take into account the impact of the COVID-19 pandemic, as well as an anticipated FY20 EBITDA loss of \$18 to 22 million.

Prospa's share price remained subdued, then increased by 13.6% to close at \$1.21 on 22 July 2021 on the release of its 4Q21 trading update, which indicated the following:

- Prospa had achieved its highest loan origination numbers which had increased by 51.1% compared to the prior quarter;
- revenue before transaction costs increased by 17.2% in 4Q21 compared to the previous quarter; and
- a material reduction in the provision rate from 10.4% to 7.9% in response to economic recovery and improved portfolio performance.

Following the release of Prospa's FY21 full year results on 23 August 2021, the share price closed in the range of \$0.70 and \$1.10 until the end of February 2022.

From a close of \$1.03 on 25 February 2022, Prospa's share price declined by 46.6% to close at \$0.55 on 23 June 2022, likely reflecting the rapid cash rate increases by both the New Zealand and Australian central banks in response to global inflation pressures which commenced in October 2021 and May 2022, respectively. The impact of the tightening monetary policy on Prospa, compared to the wider market was exacerbated by the variable nature of Prospa's funding facilities as opposed to the predominantly fixed nature of its loans, and the impact of the expected economic downturn on Prospa's customers and its loan book.

From the low of \$0.55 on 23 June 2022, the share price increased by 47.3% to close at \$0.81 on 19 July 2022, supported by its share buyback program. However, in response to the continuing economic uncertainty, Prospa's share price resumed its previous downward trend and closed at a low of \$0.27 on 9 June 2023. During this time:

- central banks in New Zealand and Australia continued to raise official cash rates (in the period between August 2022 and June 2023 cash rates were increased by 250 bps and 275 bps in New Zealand and Australia, respectively);
- weaker macroeconomic conditions persisted including a reduction in consumer demand due to the aforementioned interest rate hikes and persistent inflation above the RBA's target bands; and
- Prospa released its 1H23 results, which reflected a 220 bps increase in the provision rate (compared to 30 June 2022), an increase in coincidental delinquencies by 160 bps, and higher funding expenses with the cost of funds up 110 bps compared to 1H22.

On 30 August 2022, Prospa's share price declined below its NTA per share and remained trading below until 26 February 2024.

From 1 November 2023 until 26 February 2024, the last trading day prior to the announcement of the Scheme, Prospa's share price increased by 31.6% to close at \$0.38. This increase occurred despite the release of Prospa's 1H24 trading update on 30 January 2024, which caused the share price to close 12.5%

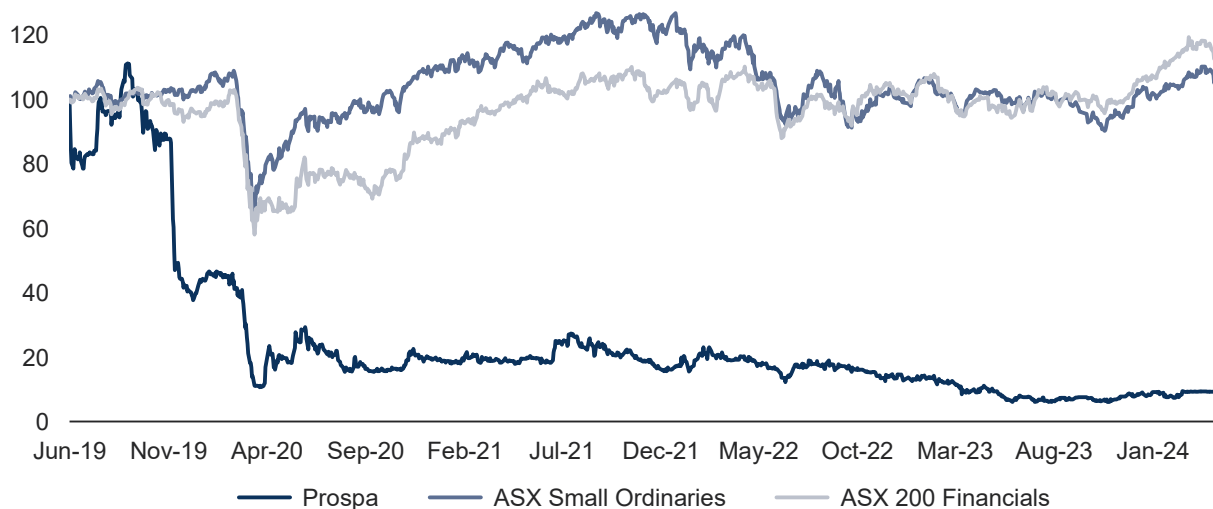
lower on the day of the announcement. The price increase over the period likely reflected improved market sentiment resulting from a reduction in inflation pressures, which led to increased market expectations of earlier reductions in the cash rate. This would greatly benefit Prospa's variable loan servicing expenses.

In the month up until 26 February 2024, Prospa's share price traded at a VWAP of \$0.36, a 41.8% discount to NTA.

8.7.2 Relative performance

Prospa is not a member of any major indices. As a result, the relevant indices chosen for comparative purposes are the ASX 200 Financials and the ASX Small Ordinaries Indices. The following chart sets out the relative performance of Prospa shares against these indices since listing on the ASX on 11 June 2019.

Prospa Share Price Performance Relative to Indices since Listing

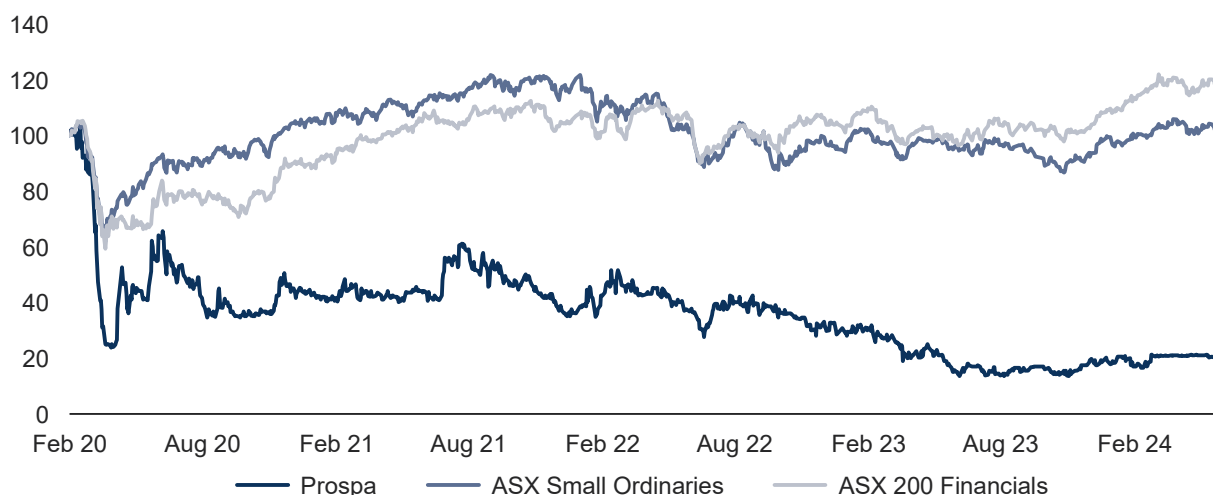


Source: S&P Capital IQ; Kroll analysis.

The Prospa share price underperformed the indices following the announcement on 18 November 2019 that it had downgraded earnings guidance.

The following chart sets out the relative performance of Prospa shares against these indices from February 2020, following the onset of the COVID-19 pandemic.

Prospa Share Price Performance Relative to Indices since 1 February 2020



Source: S&P Capital IQ; Kroll analysis.

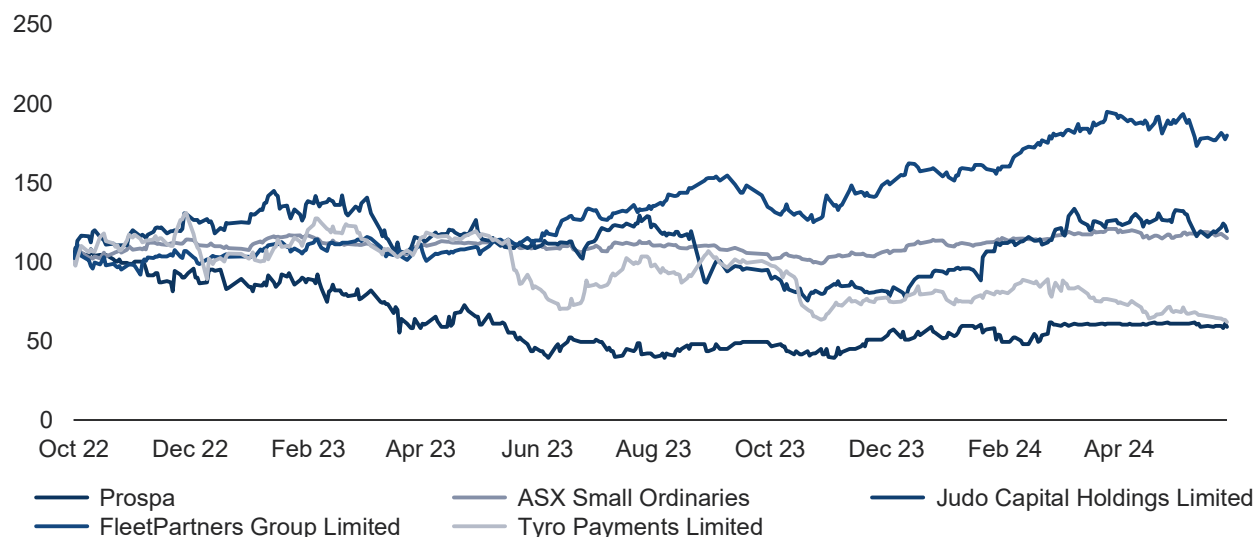
The Prospa share price declined more sharply than the indices in response to the onset of the COVID-19 pandemic, reflecting market concerns that small businesses would be more adversely impacted by the

COVID-19 pandemic than the overall economy, before outperforming in response to the announcement on 14 April 2020 of the SME Guarantee Scheme and the trading update on 10 June 2020 which indicated the resilience of small business customers.

The share price declined from late June 2020, underperforming the indices until early August 2020 as the COVID-19 pandemic impacted Prospa's FY20 financial results, then remained fairly flat until early May 2022, while the indices continued to recover, and then tracked the indices until October 2022.

The following chart sets out the relative performance of Prospa shares against the commercial lending peers and the indices from 1 October 2022, reflecting the impact of successive increases in the official cash rate.

Commercial Peer Share Price Performance Relative to Prospa and ASX Small Ordinaries since 1 October 2022



Source: S&P CapIQ, Kroll Analysis.

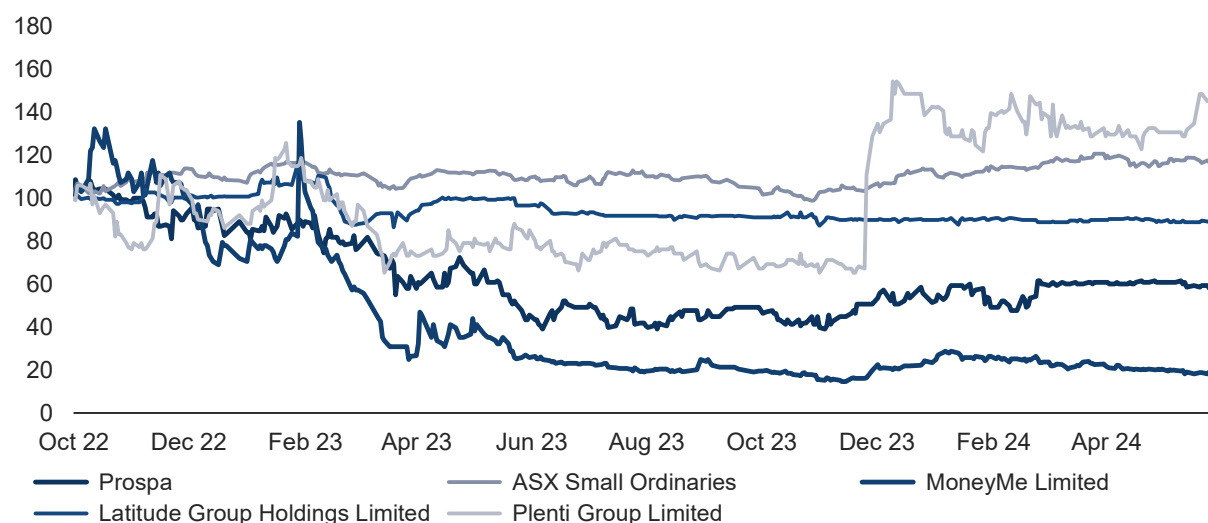
From 1 October 2022 until 30 June 2023, Prospa's share price again underperformed the ASX Small Ordinaries (declining by 50.7% while the ASX Small Ordinaries increased by 8.0%), reflecting the impact of 12 successive increases in the official cash rate during this period on Prospa's funding costs and on the credit risk of its loan portfolio.

Following a further increase in the cash rate in November 2023, inflation has stabilised and contractionary monetary policy has been paused. During this time, the Prospa share price and ASX Small Ordinaries increased, with the Prospa share price outperforming until January 2024.

Despite each facing weaker macroeconomic conditions, Prospa has underperformed as compared to its Commercial peers in this period as Judo Bank and Tyro Payments Limited (**Tyro**) both have deposit taking operations and thus access to cheaper funding, and FleetPartners Group Limited (**FleetPartners**) have higher quality, asset backed loans. These peers had mixed performance compared against the index. FleetPartners outperformed from 5 June 2023 onwards, ending 79.8% above its baseline, whilst Tyro underperformed from around the same period, closing (38.1%) below its baseline. Judo Bank overall performed in line with the index, albeit with periods of both over and under performance, closing 19.3% above its baseline.

The following chart shows a comparison of Prospa against peers in the consumer lending space since 1 October 2022, reflecting the wider impacts of the weaker macroeconomic environment.

Consumer Peer Share Price Performance Relative to Prospa and ASX Small Ordinaries since 1 October 2022



Source: S&P CapIQ, Kroll Analysis.

Overall, Prospa performed more in line with this peer group. Whilst Plenti Group Limited (**Plenti**) looks to have outperformed towards the end of the period, they experienced a significant movement following an announcement of a strategic partnership with NAB on 28 November 2023, before which they were 32.7% below baseline and performing roughly in line with Prospa. Prospa performed below Latitude Group Holdings (**Latitude**) (10.4% below baseline) and above MoneyMe Limited (**MoneyMe**) (79.7% below baseline). With the prolonged high interest rates and higher cost of living pressures on consumers, these lenders experienced weaker performance against the ASX Small Ordinaries due to higher default rates among small businesses and consumers. A different pattern of performance occurred across these peers in the same period, with all peers underperforming against the ASX Small Ordinaries both overall and across the whole period. Likewise, MoneyMe benefited briefly from an announcement at the end of January 2023 confirming a return to profitability after two years of losses, before they undertook a capital raising in March 2023 which caused the share price to decline.

8.7.3 Liquidity

An analysis of the volume of trading in Prospa Shares, including the VWAP for various periods up to 26 February 2024, the last trading day before the announcement of the Transaction, is set out as follows. Low and high prices refer to prices at the close of trading.

Prospa Liquidity up to 26 February 2024

Period	Low	Price (cents) High	VWAP	Cumulative value (\$ million)	Cumulative volume (million)	Percentage of issued capital
1 day	37.5	37.5	37.5	.72	.73	0.0%
1 week	33.0	37.5	35.4	-	0.1	0.1%
1 month	33.0	41.0	36.1	0.2	0.5	0.3%
3 months	33.0	42.0	36.8	0.6	1.6	1.0%
6 months	27.0	42.0	33.0	1.3	4.0	2.5%
12 months	27.0	57.0	34.1	2.9	8.4	5.1%

Source: IRESS; Kroll analysis.

In the 12 months to 26 February 2024, 5.2% of Prospa shares were traded (20.0% of free float).⁷⁴ This level of trading indicates that Prospa shares are illiquid.

⁷² Cumulative value traded was less than \$50 thousand and thus does not appear for rounding purposes.

⁷³ Cumulative volume traded was less than 50 thousand shares and thus does not appear for rounding purposes.

⁷⁴ Free float was 25.7% of total shares as at 26 February 2024, sourced from S&P Capital IQ.

9 Valuation of Prospa

9.1 Summary

Kroll has assessed the value of a Prospa Share to be in the range of \$0.43 to \$0.49 on a fully diluted basis.⁷⁵ Our range of assessed values reflects 100% ownership of Prospa and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect Prospa Shares would trade on the ASX in the absence of the Transaction.

The value of a Prospa Share has been determined by estimating the fair value of Prospa's operating business, together with consideration of non-operating assets and liabilities. The value attributed to Prospa's equity is an overall judgement as to the opportunities and risks associated with the business, having regard to a market approach including the capitalisation of earnings, cross checked against the implied price to book value (refer to Section 9.3 and 9.4 of this report). Our rationale for the selection of this methodology is set out in Section 9.2.2 of this report. The valuation is summarised in the following table.

Valuation Summary (per Prospa Share)

	Section Reference	Valuation Range	
		Low	High
Maintainable earnings (NPAT) (including synergies)	9.3.2	12.7	12.7
P/E multiple	9.3.3	6.0	6.5
Subtotal		76.2	82.6
Present value of outstanding abnormal credit losses	9.3.5	(4.7)	(2.3)
Value of Prospa's operating business (control basis)		71.5	80.2
Surplus assets and liabilities	9.5	(0.3)	(0.3)
Equity value of Prospa (control basis)		71.2	79.9
Number of shares outstanding – diluted (million)	8.6.2	164.7	164.7
Value per Prospa Share – diluted (\$)		\$0.43	\$0.49

Source: Kroll analysis.

The range of values for Prospa's operating business implies a multiple of 0.8 to 0.9 times TBV as at 31 March 2024, which is reasonable when benchmarked against the P/TBV multiples for listed comparable companies and transactions.

Kroll notes that the value range is below the book value per share of \$0.56 at 31 March 2024. This is reasonable since:

- the book value per share is an accounting measure whereas the realisable value of Prospa per share will reflect that an acquirer would likely take into consideration the relatively substantial costs of administering Prospa's portfolio. Kroll notes that:
 - as a result of the relatively small loan size, short term nature of Prospa's loans and relatively high credit loss rates, the costs of administering Prospa's portfolio are likely to be greater than for a financial services company that offers larger loans with a longer duration; and
 - as a result of Prospa's relatively small scale, it has reduced ability to spread back office costs across its portfolio compared to a financial services company with a larger portfolio;
- it is unlikely that an acquirer would offer a premium to net tangible assets to reflect future growth prospects and goodwill. Prospa is capital constrained due to an inability to raise capital at current share prices, which limits its future growth, and it is likely to have limited goodwill given the variability of returns, relatively high loss rates and risk profile of the business, particularly while the economic outlook in Australia and New Zealand remains uncertain; and
- Prospa has traded consistently at a discount to the book value per share since 30 August 2022. In the last month prior to the offer, Prospa traded at a VWAP that reflected a 41.8% discount to book value

⁷⁵ Based on 164,736,513 Prospa Shares on issue, including 129,376 shares which will be issued to satisfy vested equity incentives (refer to Section 8.6.2 of this report).

per share. Refer to Section 8.7 of this report for a comparison of Prospa's book value per share relative to Prospa's share price.

Our selected value range of \$0.43 to \$0.49 per Prospa Share reflects a premium over the closing price of Prospa Shares of \$0.375 on 26 February 2024, the last trading day prior to the announcement of the Transaction, of between 14.7% and 30.7%, and a premium to the one-month VWAP of \$0.361 in the range of 18.9% to 35.5%. This level of premium is consistent with and below the premiums observed in completed transactions, which are broadly in the range of 25% to 40% depending on the individual circumstances⁷⁶ and reflects:

- that our valuation of Prospa includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. We note that synergies available to a pool of potential acquirers of Prospa are expected to be limited as we consider that an acquirer is likely to be a financial buyer (refer to Section 9.2.3 of this report);
- trading in Prospa Shares is illiquid and the share price has been influenced by very low volumes of trades;
- that our value range contemplates the risk and time associated with Prospa's ability to manage its credit risk and grow its loan book to achieve a sustainable level of profitability; and
- the strengthening of Prospa's share price in the lead up to the announcement of the Transaction on 27 February 2024. Potential drivers of the share price increase may have been improved sentiment as inflation pressures eased, leading to increased market expectations of earlier reductions in the official cash rate (which have now changed), noting Prospa's reliance on variable rate funding, together with reductions in early loss indicators as at 1H24 announced in the trading update on 30 January 2024.

In forming our view as to the value of Prospa Shares, we have considered a range of factors including:

- synergies available to a pool of potential acquirers are not expected to be significant;
- Prospa's position as a provider of unsecured small business lending in Australia and New Zealand;
- Prospa's revenue growth and maintenance of portfolio yield through the recent high funding cost environment, however with slowing originations and a reduced closing loan book in 1H24;
- Prospa's exposure to higher risk business loans, and the underlying credit risk of Prospa's current loan portfolio which includes loans originated in FY22 prior to the implementation of tighter credit settings in FY23 with higher-than-expected arrears. Net bad debts are expected to remain elevated through FY24, until the majority of the loans originated in 2022 are expected to have cleared from Prospa's loan book;
- anticipated lower default rates going forward as a result of the tightening of lending criteria and higher proportion of premium risk grade loans;
- the anticipated future benefits of Prospa's continued cost restructuring implemented in 1H23;
- Prospa's variability in profitability with relatively minor earnings or operating losses in recent years;
- Prospa's carried forward tax losses, however, recognising that the ability to utilise them is uncertain and it is unlikely that an acquirer would attribute significant value to them;
- the decline in investor confidence given the variability of returns and higher risk profile of small business loans and financing solutions, particularly while the economic outlook in Australia and New Zealand remains uncertain with continued inflation and high interest rates. Newly listed fintechs, in particular, have traded at a discount since listing in 2020 to 2021;
- current macroeconomic conditions in Australia and New Zealand and the impact of the renewed uncertainty as to whether the RBA will undertake further increases to the cash rate and/or the timing of any reductions in the cash rate; and
- the lack of directly comparable listed companies and transactions. Whilst there is cross-over of customers and distribution partners between Prospa and broader bank, non-bank and consumer lenders, competitors have varying credit risk profiles, cost bases and levels of profitability. The

⁷⁶ Source: 2023 Mergerstat Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

multiples for non-bank and unsecured lenders are typically lower than those of the larger banks and secured loan providers.

9.2 Approach

9.2.1 Overview

Our valuation of Prospa has been prepared on the basis of 'fair value'. The generally accepted definition of fair value (and that applied by us in forming our opinion) is the value agreed in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller, acting at arm's length. Fair value excludes 'special value', which is the value over and above the value that a particular buyer, which can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

In the absence of direct market evidence, fair value is commonly derived by applying one or more of the following valuation approaches:

- income approach;
- the market approach; or
- cost approach.

These approaches are discussed in further detail in Appendix 4. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the asset or business and the actual practice adopted by purchasers of the type of asset or business involved. A secondary methodology is often adopted as a cross-check to ensure the reasonableness of the outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

For profitable businesses, the market approach and income approach are commonly used as they reflect 'going concern' values, which typically incorporate some element of goodwill over and above the value of the underlying assets. For businesses that are either non-profitable, non-tradeable or asset rich (e.g. real estate investment trusts), a cost approach is typically adopted as there tends to be minimal goodwill, if any.

9.2.2 Selection of methodology

A discussion of the rationale for the selection of the valuation methodologies is set out as follows.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. Application of this approach involves the capitalisation of the cash flows or earnings (or revenue) of a business at a multiple that reflects both the risks of the business and the future growth prospects of the income it generates. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

Prospa has a substantial operating history and there is no basis to expect that the business will be unable to continue indefinitely. In addition, there are a number of publicly traded finance companies and transactions involving small business lenders and non-bank lenders from which to calculate meaningful multiples.

Application of this approach involves the capitalisation of the cash flows or earnings of a business at a multiple that reflects both the risks of the business and the future growth prospects of the income it generates. This methodology requires an element of professional judgement as to:

- the level of earnings or cash flows that are expected to be maintainable indefinitely, notwithstanding the impact of loan impairment estimates and provisions on short-term results, adjusted for non-recurring items and other known factors likely to impact on future operating performance; and

- an appropriate capitalisation multiple that reflects the risk and growth prospects associated with the level of earnings being capitalised. The capitalisation multiple is usually determined having regard to market evidence derived from comparable transactions and sharemarket prices for comparable companies, whilst also considering the specific characteristics of the business being valued.

The earnings bases to which a multiple is commonly applied include revenue, EBITDA, EBIT and net profit after tax. The choice will typically depend on the industry and characteristics of the subject asset or business. We note that NPAT is commonly used in valuing finance businesses. We have utilised price-to-earnings (**P/E**) multiples as the metric for our earnings capitalisation method

In considering the appropriate earnings period of the asset or business being valued from which to calculate multiples, factors to take into account include whether the historical performance of the asset or business reflects the expected level of future operating performance, such as when significant changes occur in the operating environment, such as in a rising interest rate environment, or the underlying business is cyclical. Kroll has considered the impact of the macroeconomic environment on Prospa, and the remaining loans originated in 2022 with higher-than-expected arrears. Prospa is expected to continue to incur abnormally high credit losses in relation to these loans until FY25. We therefore consider the period of FY+2 will better reflect Prospa's earnings on a maintainable basis. As no guidance has been provided and there is no broker consensus, we have placed greater weight on earnings in 1H24 which reflects a period of tighter credit risk management with reduced loan impairment and stable portfolio yields, as a guide for FY+2 maintainable earnings.

Price to book (**P/B**) multiples are also commonly considered in valuing finance business, however, this metric is limited by its backward looking nature. As Prospa does not have any intangible assets, we have considered the implied price to tangible book value (**P/TBV**) of Prospa as at 31 March 2024 as a cross check. Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them.

Income approach

Under an income approach, the value of an asset or business is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history, there is a variable pattern of cash flow, or the asset or business has a finite life.

The most common application of the income approach is the DCF methodology. This methodology allows for cash flows to reflect a range of risks and opportunities and also allows for a range of scenarios to be modelled.

A DCF methodology can be applied to cash flows to the whole asset or business or cash flows to equity. Cash flow to the whole asset or business is most commonly used because an asset or business should theoretically have a single value that is independent of how it is financed or whether income is paid as dividends or reinvested.

Utilising a DCF methodology requires estimation of cash flows for a number of years and discounting those cash flows back to present value. Prospa has provided a financial model with forecasts to FY27 reflecting a run-down scenario. We note, however, that forecasting long term cash flows is challenging as a result of the short term nature of Prospa's small business loans (with loan terms of up to 36 months), uncertainty regarding the funding costs in the current macroeconomic environment, and difficulty in assessing long-term margins. Therefore we do not consider there to be a reasonable basis for relying on long term cash flows for Prospa at present.

Run-down valuation

An alternative application of the income approach that has been considered for Prospa is the valuation of the cash flows attributable to the run-down of the existing Prospa loan book, assuming no further originations. A run-down valuation would theoretically represent the lowest valuation outcome. We note, however, that there are practical impediments to this approach including:

- it is unlikely that the management and substantial shareholders of Prospa would choose to run-down the loan book;
- a run-down is likely to trigger debt covenants;
- complex relationships are difficult to model, for example:
 - estimating the timing and magnitude of wind-down costs while still operating to the extent required to generate the expected run-down cash flows; and
 - the balance and change in credit risk profile, credit loss rates, availability of funding and the cost of funding as the loan book runs down; and
- given the uncertainty regarding the key assumptions underlying a run-down valuation, the resulting value range is likely to be too wide to be meaningful.

We therefore do not consider a run-down valuation to be a realistic basis for valuing Prospa at present.

Cost approach

A cost based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). Such an approach does not capture growth potential or internally generated intangible value associated with Prospa and consequently, has not been adopted.

9.2.3 Control premium

Consistent with the requirements of RG 111, we have assumed 100% ownership in valuing Prospa and, therefore, our valuation is inclusive of a control premium. Successful transactions are commonly completed with an implied acquisition premium to the pre-trading equity price of the target in the order of 25% to 40% depending on the individual circumstances.⁷⁷ In considering the evidence provided by actual transactions, it is important to recognise that the observed premium for control is an outcome of the valuation process, not a determinant of value, and that each transaction will reflect to varying degrees the outcome of a unique combination of factors, including:

- the acquirer's capacity to realise full control over the strategy and cash flows of the target entity;
- the magnitude of synergies available to all acquirers, for example, the rationalisation of costs related to duplicated functions, or the removal of costs associated with the target being a listed entity;
- uncertainties related to the timing of full realisation of target synergies;
- the expected costs to migrate and integrate the business;
- the nature of the bidder (i.e. whether the acquirer is a financial investor or a trade participant);
- synergistic or special value that may be unique to a particular acquirer;
- the interest acquired with consideration to the bidder's pre-existing shareholding in the target;
- the prevailing conditions of the economy and capital markets at the time of the transaction with consideration to the position in the overall market cycle;
- desire (or anxiety) for the acquirer to complete the transaction;
- whether the acquisition is competitive; and
- the extent the target company's share price already reflects a degree of takeover speculation.

The premium that is ultimately applied must have regard to the circumstances of each case. In some situations, it may be appropriate to apply no premium for control, for example, there are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering. Accordingly, an assessment as to an appropriate control premium, if any, is essentially a matter of judgement.

⁷⁷ Source: 2023 Mergerstat Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

In the case of Prospa, it is not clear whether any financial services companies in Australia or overseas would likely consider that an acquisition of Prospa, at this point in time, would provide equivalent strategic value. Additionally, we note that no other potential buyers have expressed an interest in acquiring Prospa since the announcement of the Transaction on 27 February 2024.

At a minimum, a financial buyer would be able to achieve cost savings from delisting Prospa from the ASX. We have adjusted Prospa’s maintainable earnings to reflect listing cost savings of \$2 million per annum, and considered the P/E multiples derived for listed comparable companies rather than applying a control multiple based on recent transaction evidence which includes a control premium. Adding both an adjustment for synergies and a control multiple to the valuation would result in an overstatement of the benefits of the transaction.

9.3 Market approach

9.3.1 Summary

Kroll has assessed the value of Prospa’s operating business on a controlling interest basis to be in the range of \$71.5 million to \$80.2 million.

Summary of Value – Capitalisation of future maintainable NPAT

	Section Reference	Valuation Range	
		Low	High
Maintainable earnings (NPAT) (including synergies)	9.3.2	12.7	12.7
P/E multiple	9.3.3	6.0	6.5
Subtotal		76.2	82.6
Present value of outstanding abnormal credit losses	9.3.5	(4.7)	(2.3)
Value of Prospa’s operating business (control basis)		71.5	80.2

Source: Kroll analysis.

To inform our assessed value range, Kroll has had regard to forward P/E multiples for selected ASX listed small business lenders and non-bank lenders, and transactions for companies operating globally in small business and non-bank lending (refer to Section 9.3.3 of this report). This assessment also requires consideration of an appropriate level of maintainable earnings (NPAT) (refer to Section 9.3.2 of this report).

Expected future credit losses arising from the 2022 loans have been deducted from the value of Prospa’s operating business (refer to Section 9.3.5 of this report).

The values derived from the capitalisation of maintainable NPAT have been cross-checked by calculating the implied P/TBV for Prospa, and benchmarking that multiple against the P/TBV multiples for peers and comparable transactions.

9.3.2 Future maintainable earnings

Maintainable earnings should reflect the earnings that can be achieved by a business or segment in the future on an ongoing basis. It is an estimation of the earnings or cash flows that a hypothetical purchaser would utilise for valuation purposes, having regard to historical and forecast operating results, non-recurring items of income and expenditure, and other known factors that are likely to have an impact on the business’ operating performance.

In this respect, we have considered Prospa’s NPAT, however, given the operating losses in Prospa’s recent trading history, we have estimated a maintainable level of earnings for FY25 (FY+2), once the majority of the loans originated in 2022 with higher-than-expected arrears are expected to have cleared from Prospa’s loan book. We have estimated maintainable earnings based on an assessment of expected future maintainable net revenue and an expected future maintainable NPAT.

Future maintainable net revenue

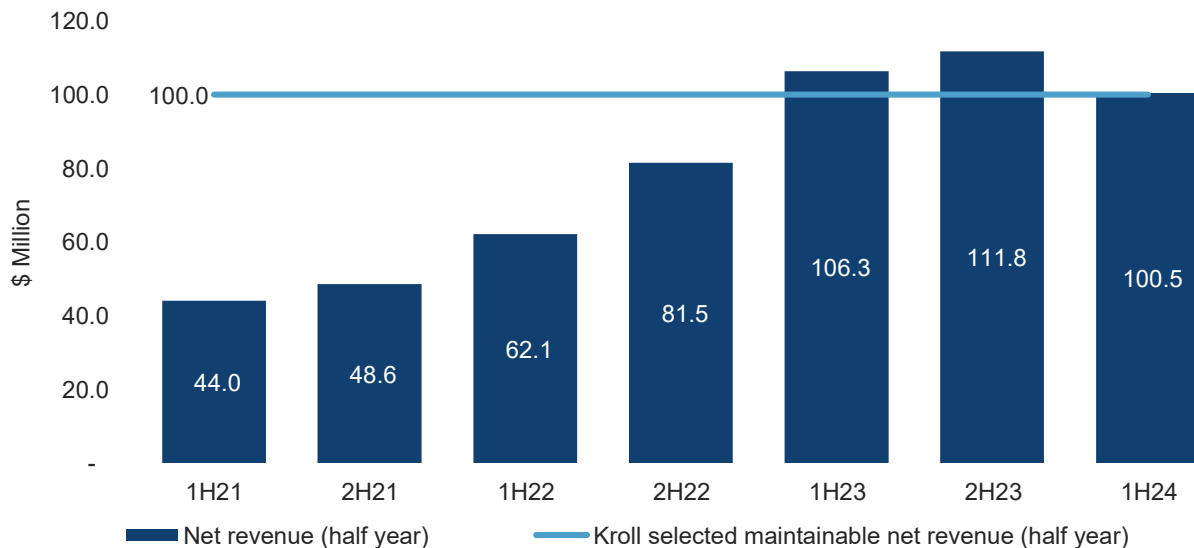
We have considered Prospa’s maintainable revenue on the basis of ‘net revenue’, which is equivalent to Prospa’s reported ‘Gross Profit’. Net revenue is comprised of interest and other income, net of funding and transaction costs. The consideration of Prospa’s revenue at this level, net of funding and transaction costs,

is to enable comparison against peers as presented in Appendix 4 of this report. The revenue lines of the observed comparable companies are predominantly presented net of interest expense/ funding costs.

Kroll has selected maintainable annual net revenue for Prospa of \$200.0 million as an estimate for FY+2.

The following figure shows Prospa half yearly revenue from 1H21 to 1H24 and Kroll's selected maintainable half yearly net revenue. We have chosen half yearly revenue as it better illustrates the impact of the changes in Prospa's credit risk management.

Prospa Half Yearly Net Revenue



Source: Kroll analysis.

Note: 1H21 to 1H24 revenue is based on actual Prospa results. As discussed in Section 8.3.2 of this report, Prospa have not provided guidance for FY24 and Prospa is not followed by any brokers.

In relation to Prospa's net revenue we note the following:

- no broker consensus is available and, therefore, we have relied primarily upon Prospa's actual historical performance with consideration of internal Prospa budget and forecast information;
- as discussed in Section 8.2.7 Prospa has experienced higher arrears from origination cohorts in mid-2022. Loans from this cohort were accepted on the basis of shorter periods of operating performance following restricted activity during the COVID-19 pandemic and were then subsequently impacted by worsening macroeconomic conditions. Prospa tightened credit settings from FY23. With loan terms of up to three years, the 2022 origination cohort may impact Prospa's credit losses through FY24. We have, therefore, considered FY25 (FY+2) as Prospa's next steady state year and most appropriate reference period;
- in order to estimate maintainable earnings for FY+2, we have considered the most recent periods of reported net revenue:
 - net revenue in 1H23 and 2H23 reflected growth in originations and portfolio yield with a reduction in NIM as funding costs grew. Risk setting changes that were implemented from 1H23 limited growth in the second half of the year; and
 - 1H24 net revenue reflected growth in the proportion of premium risk grade loans while maintaining a stable yield. Originations and NIM were, however, lower following a full year of tighter credit settings and rising funding costs;
- future growth in net revenue will depend upon Prospa's ability to grow the loan book through further originations, while maintaining and/or improving portfolio yield and NIM;
 - as noted in Section 7.2 of this report, surveyed small business leaders were aiming to maintain business 'as is' over the next 12 months, rather than looking to grow or expand; and as noted in Section 8.2.2 of this report, Prospa noted in the FY23 Annual Report that as operating conditions remain uncertain, Prospa had chosen to focus on the existing product offerings in the short term.

Origination growth may therefore be limited in the short term to Prospa's existing products due to capital constraints, including the impact of credit losses, and by cautious small business demand;

- portfolio yield may continue to remain stable or reduce slightly if the proportion of premium customers increases, competition places pressure on lending rates, or portfolio growth is limited;
- Prospa's NIM fell from 29.6% in FY22 to 26.2% in 1H24. As discussed in Section 7.5.5 of this report, following higher than expected inflation for the March quarter, the RBA decided on 7 May 2024 to keep the cash rate at 4.35%, and there is speculation that interest rates may rise again, which may negatively impact Prospa's funding costs. Kroll considers a NIM of approximately 24% to be sustainable for Prospa in FY+2; and
- lost net revenue relating to the 2022 origination cohort are treated separately, as discussed in Section 9.3.5 of this report;
- due to different customer bases, credit risk profile and operating models, the NIMs of comparable companies are not a reliable guide as to what Prospa's NIM might revert to on a normalised basis (refer to Appendix 4 for the calculated comparable company NIMs).

Having regard to the above factors, and acknowledging the uncertainty involved in forecasting net revenue growth, which is highly dependent on variables including origination growth and funding costs, Kroll has selected a maintainable half yearly revenue of \$100 million i.e. \$200 million of maintainable net revenue on an annualised basis. This is below Prospa's FY23 net revenue, however, aligns with 1H24 and reflects the reduced loan book and originations as at 31 December 2023, higher proportion of premium loans, and reduced NIM.

Maintainable NPAT

A maintainable NPAT on a controlling interest basis for Prospa was estimated for FY+2 on the basis of the selected maintainable net revenue, normalised loan impairment, employee and operating expenses and estimated synergies (listing cost savings). Kroll has selected a maintainable annual NPAT on a controlling basis for FY+2 of 12.7 million.

The following table presents the calculation of the selected maintainable NPAT for Prospa for FY+2.

Prospa Maintainable NPAT FY+2 (control basis)

	Half-Year	Annualised
Selected maintainable net revenue	100.0	200.0
Normalised loan impairment expense	(37.3)	(74.5)
Employee and operating expenses	(50.2)	(100.5)
EBITDA	12.5	25.0
Depreciation, interest and share based payments	(4.4)	(8.8)
Synergies (listed cost savings)	1.0	2.0
PBT (control basis)	9.1	18.2
Tax	(2.7)	(5.5)
Selected maintainable NPAT (control basis)	6.4	12.7
<i>Average gross loans</i>	828.2	828.2
<i>NIM as a % of average gross loans</i>	24.1%	24.1%
<i>Net bad debt expense as a % of average gross loans</i>	9.0%	9.0%
<i>Estimated total employee and operating expenses as a % of net revenue</i>	50.3%	50.3%
<i>NPAT margin (NPAT as a % of net revenue)</i>	6.4%	6.4%

Source: Kroll analysis.

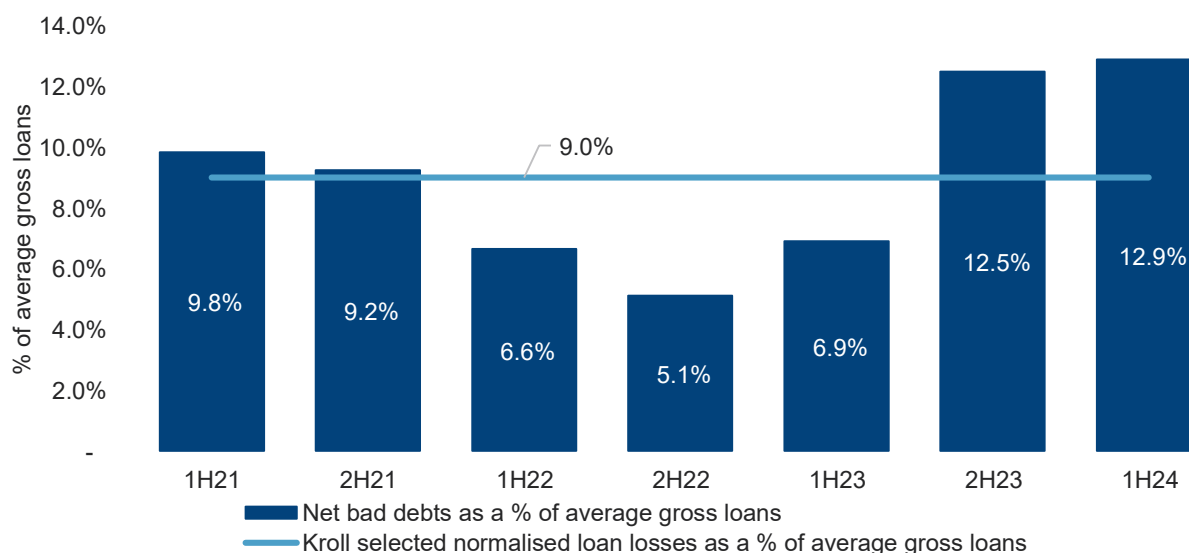
In relation to the selection of maintainable NPAT, we note the following:

- as set out in Section 8.3.1 of this report, the NPAT for Prospa in FY23 was a loss of \$44.9 million. We do not consider this result to be reflective of the maintainable earnings for Prospa as FY23 included \$25.7 million in one-off charges, including a \$24.9 million non-cash impairment charge and \$0.8

million in restructuring costs. In addition, FY23 NPAT included a \$58.5 million increase in non-cash loan provision (\$17.3 million in FY22);

- whilst Prospa generated positive NPAT in 1H24, earnings were still impacted by abnormally high bad debts, \$0.3 million in restructuring costs and a \$17.5 million decrease in non-cash loan provision;
- as discussed earlier, the company has not provided guidance regarding expected profitability for FY24;
- Prospa is expected to continue to incur abnormally high credit losses until FY25, therefore, Kroll has estimated Prospa's NPAT for FY+2, once the remaining loans originated in 2022 with higher-than-expected arrears are expected to have cleared and Prospa is expected to achieve sustainable loss rates and profitability;
- maintainable NPAT was estimated as follows:
 - **Net revenue:** based upon our selected maintainable net revenue, as discussed above;
 - **Normalised loan impairment expense:** in order to reflect the maintainable earnings of Prospa, we have considered a normalised level of loan impairment. Loan impairment expense is comprised of net bad debts and movement in loan provision. For the purposes of selecting maintainable credit losses, we have excluded the impact of the non-cash loan provision. Kroll has selected a normalised level loan impairment of approximately 9.0% of average gross loans, which is broadly aligned with historical loss rates as illustrated in the following chart:

Prospa Half Yearly Credit Losses



Source: Prospa 1H22, 1H23 and 1H24 Investor Presentations, Kroll analysis.

Note: 2H21 and 2H22 data has been estimated by Kroll using the same formulae as for the remaining half yearly periods.

Kroll has considered the average gross loans balance during 1H24 of \$828.2 million to be representative of a sustainable loan balance for FY+2. The present value of estimated abnormal credit losses that may be incurred by Prospa prior to reaching this assumed maintainable level of bad debts is discussed in Section 9.3.5 of this report;

- **Employee and operating expenses:** as discussed in Section 8.3.1 of this report, Prospa's operating cost base has reduced since FY21, with total employee and operating costs as a percentage of total income reducing from 61.5% in FY21 to 34.7% in 1H24. We estimate that on a normalised basis, total employee and operating costs remain broadly aligned with 1H24. As the selected maintainable revenue is estimated on the basis of net revenue rather than total income, maintainable employee and operating expenses are estimated on the basis of the 1H24 total employee and operating costs as a percentage of net revenue of approximately 50.3%. As discussed in Section 8.1 of this report, further cost reductions are planned. However, as the benefit of any further cost reductions is uncertain (and may be offset by increases in other costs), these are not reflected in estimated maintainable earnings;

- **Depreciation, interest and share based payments:** these expenses are assumed to remain in line with 1H24, adjusted for inflation at 3%, being the higher end of the RBA's target range; and
- **Synergies:** as discussed in Section 9.2.3, we have chosen to adjust Prospa's maintainable earnings to reflect the estimated total direct and indirect cost savings and benefits available to a pool of purchasers. We have added an estimated \$2.0 million in annual delisting savings to provide an indication of normalised NPAT on a control basis;
- Krroll's estimated maintainable NPAT on a controlling basis reflects a margin of 6.4% of net revenue. Due to different scale, customer bases, credit risk profile and operating models, the NPAT margins of comparable companies are not a relevant guide for a maintainable NPAT margin for Prospa. Broadly, the NPAT margins of emerging fintech lenders are under 10%, and the observed movement in NPAT margins across the majority of comparable companies suggests that FY+2 NPAT margins are expected to be higher than the current FY (refer to Appendix 4 for further detail regarding the calculated comparable company NPAT margins). The estimated maintainable NPAT margin of 6.4% for Prospa includes synergies unlike the comparable company margins; and
- whilst capitalised earnings based on NPAT is a commonly used metric for financial companies which derive earnings from net interest income, NPAT is an accounting metric that can be impacted by the selection and application of accounting policies. The set of comparable companies have varying investments in intangible assets, and depending on whether software development costs are expensed, capitalised and amortised, and the extent to which they have recognised identifiable intangible assets (e.g. customer relationships) arising from business combinations, there may be large differences in amortisation costs between the comparable companies that are not necessarily reflective of ongoing investment requirements. This can make comparisons on a like-to-like basis difficult. Therefore we have also considered the P/TBV multiples implied by the capitalisation of NPAT approach to capture the value of Prospa's tangible asset base (refer to Section 9.4 of this report).

Having regard to these factors, Krroll has selected a maintainable annual NPAT of \$12.7 million as an estimate for FY+2, on a control basis. The implied maintainable NPAT margin of 6.4% is above the NPAT margins that were historically achieved by Prospa between FY21 and FY23 and aligned with the reported NPAT margin in 1H24. The normalised margin of 6.4%, however, includes estimated delisting savings which are not included in Prospa's reported financials. The selected NPAT margin range is broadly aligned with the FY+2 NPAT margin for MoneyMe of 6.6%. As discussed, we have taken into account the risks to which Prospa is exposed to in achieving the selected maintainable annual NPAT in the selection of the maintainable NPAT multiple.

9.3.3 Capitalisation multiples

In determining an appropriate range of capitalisation multiple to apply to Prospa's future maintainable earnings, we have considered the following:

- trading multiples of comparable listed Australian bank and non-bank lenders catering to small businesses or specialised target markets;
- multiples implied by recent transactions involving Australian banks and non-bank lending companies, as well as global companies that provide banking services to small businesses; and
- the specific attributes of Prospa (refer to Section 9.3.4 of this report).

We have considered the P/E multiples for the primary approach and P/TBV multiples for the cross-check.

On balance, we consider that a P/E multiple of between 6.0 and 6.5 times maintainable FY+2 earnings (excluding a control premium) and an implied P/TBV multiple of over 0.8 times (including a control premium) is appropriate for Prospa. As discussed in Section 9.2.3 of this report, we have considered the P/E multiples derived from listed comparable companies rather than applying a control multiple based on recent transaction evidence in the capitalisation of future maintainable NPAT approach, as the estimated total direct and indirect cost savings and benefits available to a pool of purchasers are reflected in the assessed maintainable earnings.

We note that whilst there is cross over of customer and partners between Prospa and the observed comparable listed companies, there are no genuinely comparable companies due to the different customer bases, credit risk profile and operating models. The majority of listed commercial peers are significantly larger than Prospa and offer higher quality loans that are secured against assets such as houses and

vehicles. The majority of fintech peers offer smaller consumer loans and are currently unprofitable or have insufficient earnings to draw meaningful maintainable earnings multiples.

Prospra's most directly comparable ASX-listed companies, Judo Bank, Latitude, Humm Group (**Humm**), Earlypay Limited (**Earlypay**) and MoneyMe, provide a range of forward FY+2 P/E multiples of between 3.7 and 16.0 times and a range of P/TBV multiples of between 0.5 and 1.1 times (all of which exclude a control premium). Allowing for the size, scale and product diversification of these companies, together with their profitability and higher quality loan books, we consider a multiple at the lower end of the range is appropriate for Prospra.

The observed transactions are also not directly comparable, however, they provide a broad guide as to an applicable range of P/E and P/TBV multiples for Prospra on a control basis. Two of the most recent transactions: Prospra's acquisition of Zip Co's SME loan book and Somers Limited (**Somers**) acquisition of Thorn Group Limited (**Thorn**)'s fintech financial services business, both imply an 0.8 times P/TBV multiple. However, both transactions reflect sales of non-core assets or residual businesses. Observed initial public offerings (**IPO**) issue prices provide indications of value for similar SME bank and non-bank lenders, however, these companies were larger and their offer prices were buoyed by strong growth expectations at the time. Other recent transactions involving smaller non-banks (Symple Loans and SocietyOne) reflect significant synergies specific to those transactions.

The remaining transactions relate to target companies that are significantly larger in scale, with higher product quality, profitability and growth prospects. The range of implied P/E and P/TBV multiples for these transactions is between 8.3 and 11.9 times, and 1.1 and 1.8 times.

We consider a multiple of 6.0 to 6.5 times FY+2 NPAT (excluding a control premium) to be appropriate for Prospra when valuing the company on a normalised basis. We note that this P/E multiple range is broadly aligned with Humm and Earlypay FY+2 multiples and MoneyMe's LTM multiples, and is below the FY+2 multiples of Judo and Latitude (excluding a control premium) and below the larger lender transaction P/E multiples (including a control premium).

Sharemarket evidence

Prospra is a unique company on the ASX as there are no listed peers with the same focused offering of unsecured financing via an online platform to small businesses in Australia and New Zealand. However, Prospra does share characteristics with several ASX-listed, bank and non-bank lenders with similar customers, distribution networks or specialised focus. Kroll has considered the following comparable companies:

- **specialised banks:** Judo Bank is an Australian ADI that provide finance and credit to small and medium businesses. It listed on the ASX in 2021, and like Prospra, is trading at a discount to its IPO offer price. Judo Bank is however significantly larger than Prospra, and as an ADI has a different cost base and credit exposure; and
- **non-bank lenders:** products and solutions across the selected group include, but are not limited to, secured and unsecured personal and commercial loans, credit cards, insurance and other related financial services. Valuations are strongly linked to future market size and earnings growth and stability, with valuations for the larger and more profitable companies at multiples higher than those we would expect for Prospra, which is of smaller scale and loss making. The selected non-bank lenders can be segregated as follows:
 - **specialised non-banks:** Credit Corp Group Limited (**Credit Corp**) is Australia's largest debt buyer and collector and therefore has a higher credit risk profile than the broader group of non-banks, like Prospra. SG Fleet and FleetPartners provide financing solutions as part of their fleet management services which, despite being secured and higher quality, are comparable to Prospra's small business loans due to their short term nature and usually fixed interest rates. Small businesses are also a key customer group for these lenders;
 - **established non-banks:** a broad range of established non-bank lenders have been considered including Latitude, Liberty Financial Group Limited (**Liberty**), Pepper Money Limited (**Pepper Money**), Resimac Group Limited (**Resimac**), Humm, Solvar, FSA Group Limited (**FSA**) and Earlypay. These companies are more mature and greater in scale and diversification than Prospra, with average FY+2 NPAT margins for the group of approximately 20%;

- **emerging fintech lenders:** Zip Co, Plenti, MoneyMe, Wisr Limited (**Wisr**), Harmony Corp Limited (**Harmony**) and Beforepay Group Limited (**BeforePay**) are relatively new fintechs that have emerged over the last decade providing predominantly personal loans and payment solutions. The majority, like Prospra have not been profitable in recent years.

The following table sets out the P/E, P/TBV and P/B multiples for the selected ASX-listed lending companies. As these multiples are based on sharemarket prices, they do not include a control premium.

Further detail including calculated NPAT margins, NIMs, and bad debts as a percentage of gross loans together with descriptions of these peers are set out in more detail in Appendix 4.

Sharemarket Evidence: ASX-listed lending companies

Company Name	Market Capitalisation (\$ millions)	P/E multiple ²				P/TBV ³	P/B
		FY	LTM	FY+1	FY+2		
Specialised Banks							
Judo Capital Holdings Limited	1,403.3	18.8	16.8	19.8	16.0	0.9	0.9
Specialised Non-Banks							
SG Fleet	1,026.0	13.6	12.9	11.2	10.5	NM ⁹	1.8
Credit Corp Group Limited	989.0	10.8	20.8	12.2	9.8	1.3	1.3
FleetPartners	820.8	10.0	10.0	10.7	11.9	5.5	1.3
Established Non-Banks							
Latitude Group Holdings Limited	1,206.0	NM	NM	17.3	9.7	3.0	1.0
Liberty Financial Group Limited	1,148.4	6.3	8.5	8.5	7.6	1.2	1.0
Pepper Money Limited	649.1	5.7	5.7	6.6	5.9	0.9	0.8
Resimac Group Limited	386.0	5.6	7.7	8.9	6.8	1.0	0.9
Humm Group ⁴	228.8	NM	NM	10.2	6.3	0.5	0.4
Solvar Limited	201.7	4.2	5.7	7.5	6.6	0.6	0.5
FSA Group Limited ⁵	109.2	8.4	10.3	NA	NA	1.5	1.3
Earlypay Limited ⁴	47.7	NM	NM	9.9	6.7	1.1	0.6
Emerging Fintech Lenders							
Zip Co Limited ⁶	1,110.6	NM	NM	NM	NM	11.2	2.7
Plenti Group Limited ⁷	124.0	NM	NM	NM	NM	4.7	4.7
MoneyMe Limited	54.9	4.5	5.7	4.4	3.7	0.7	0.3
Wisr Limited	50.8	NM	NM	15.1	NM	1.1	1.0
Harmony Corp Limited ⁸	38.7	NM	NM	33.8	15.4	1.2	0.9
Beforepay Group Limited ⁴	23.5	NM	NM	NM	NM	0.8	0.8

Source: S&P Capital IQ, Company financial statements; Kroll analysis. Outliers are shaded in grey.

Notes:

1. Data considered is as at 30 May 2024.
2. The P/E multiples are calculated on the basis of normalised NPAT which excludes non-recurring gains/losses.
3. P/TBV refers to price to tangible book value.
4. Shaded P/E multiples, or those marked "NM" are considered not meaningful (**NM**) due to negative earnings or very high multiples resulting from low profitability.
5. Forecast earnings are not available (**NA**) to calculate forward P/E multiples for FSA Group.
6. Zip Co provides point of sale credit and payments to customers and retail finance solutions and is winding down its SME lending business. Prospra bought Zip Co's SME loan book in January 2024 for \$15.6 million. ZipCo's multiples are therefore not a relevant guide and have been excluded.
7. Plenti provides green loans, car loans and personal loans and in November 2023 announced a strategic partnership with NAB to launch a "NAB powered by Plenti" car and electric vehicle loan, following which Plenti's market capitalisation more than doubled. We have therefore excluded Plenti's multiples.
8. All of the comparable companies in the table operate in Australia, except Harmony Corp Limited, which operates in New Zealand.
9. SG Fleet has negative net tangible assets due to a large balance of goodwill acquired through business combinations as at 31 December 2023.

We note the following in relation to the listed company earnings multiples:

- the earnings multiples at which the comparable companies are trading are driven by several factors including the scale and diversification of their operations, risk and quality of loan books, degree of collateralisation, profitability, and future growth prospects. Broader trends observed from the selected group include:
 - larger companies tend to have higher P/E multiples;
 - the trend in multiples across the broader group from FY to FY+2 indicates some uncertainty in FY+1 as to the impact of the higher cost of funds on profitability across the sector following the heightened macroeconomic challenges in recent years;
- of the larger lenders, Judo is the most comparable:
 - Judo has a higher P/E multiple relative to the other lenders, with a FY+2 P/E multiple of 16.0 times, supported by profit in 1H24 ahead of company expectations, bad debts below sector average and within long-term assumptions, and a profit growth target of over 15% for FY25.⁷⁸ In April, Judo announced growth in its lending book to \$10 billion. As a lender focussed on SME's in Australia, Judo is a key comparable and competitor of Prospa. Judo is however significantly larger, and as an ADI, Judo's funding is supported by customer savings deposits. Therefore, we expect that Prospa would trade at a lower multiple; and
 - SG Fleet, Credit Corp and FleetPartners are also not considered to be highly comparable. Credit Corp is significantly larger and profitable, with exposure to US debt markets. SG Fleet and FleetPartner derive net rental and finance income that is less risky than Prospa's, secured by fleet assets and more akin to annuity income. SG Fleet's profitability has grown and FleetPartners has remained steady in recent years, supporting P/E multiples of between 10.5 and 11.9 times FY+2 earnings;
- the impact of the rising cost of funding can be seen across the observed established non-bank lenders with reduced NIM's and profitability across the observed companies (refer to Appendix 4 of this report). By FY+2, P/E multiples are expected to settle slightly to range between 5.9 and 9.7 times, however, we note the following regarding this range:
 - Latitude, Liberty, Pepper Money, Resimac, Solvar and FSA Group provide secured finance in the form of mortgages and/or asset finance, and offer variable rate products;
 - Latitude's forward P/E multiples are the highest of this group, however they reflect low profitability following underperformance announced for the 31 December 2023 calendar year;⁷⁹
 - Humm and Earlypay are more comparable to Prospa as smaller established non-bank lenders of the observed group that offer unsecured credit. Humm and Earlypay are trading at forecast FY+2 P/E multiple of 6.3 and 6.7 times, respectively. Humm is a large established fintech providing consumer, commercial and SME financing, with over 75% of normalised cash profit after tax derived from commercial finance.⁸⁰ Humm's FlexiCommercial business financing solution however also relates primarily to asset financing which is lower risk than Prospa's loans, and Humm's net loss rates across the group remained at historical lows as at 31 December 2023. Humm's multiples may reflect issues facing Buy Now Pay Later (BNPL) products and services following the announcement of draft reforms in March 2023.⁸¹ Earlypay is a smaller fintech providing invoice, equipment and trade financing to SME businesses. Lines of credit and 'low doc' invoice finance represented 66% of 1H24 revenue, followed by equipment finance (26%) and trade finance (9%). Earlypay's loan sizes are slightly larger than Prospa's typically ranging from \$50,000 up to \$10 million, however Earlypay's average gross loans as at December 2023 were approximately \$272.9 million, significantly smaller than Prospa's \$828.2 million.⁸² As Humm and Earlypay are more mature, we would expect Prospa, once it has achieved sustainable loss rates and profitability, to trade at similar multiples;

⁷⁸ AFR, Evers, J. 'Judo shares leap, one day after being downgraded from buy to sell', 23 January 2024.

⁷⁹ Latitude Group Holdings Limited, Management Discussion & Analysis for the full year ended 31 December 2023, 23 February 2024.

⁸⁰ Humm 1H24 Interim Report, February 2022.

⁸¹ AFR, Baird, L. 'Lack of transparency' to force credit licences on BNPL', 12 March 2024.

⁸² Earlypay H1 FY24 Results, 22 February 2024.

- the observed emerging fintech lenders predominantly target personal loans. Consumer loans tend to be for smaller amounts than business loans, however they are offered with longer loan terms of up to seven years. We note the following regarding the emerging fintech trading multiples:
 - the majority of the listed emerging fintechs and are currently unprofitable, with the exception of MoneyMe. Similar to Prospera, MoneyMe is a founder-led digital lender, however, MoneyMe's targets consumers with above average credit profiles and 74% of the loan book is variable rate, with the remaining fixed interest rate portfolio hedged. In 3Q24, MoneyMe increased the proportion of secured assets on book to 51% from 41% in 1H23, however gross revenue and net interest margin fell relative to 1H23.⁸³ Earnings have been impacted by additional debt acquired to fund its 2021 merger with SocietyOne. MoneyMe is trading at a LTM P/E multiple of 5.7 times when its NPAT margin was 8.2%, and a FY+2 P/E multiple of 3.7 times when its NPAT margin is forecast to be 6.6%;
 - Harmony is comparable to Prospera as the only consumer direct personal lender operating across Australia and New Zealand. Harmony provides unsecured personal loans of up to \$70,000 via a proprietary digital lending platform and issues asset backed securitisation to fund its loans with 89% of borrowings hedged to mitigate interest rate movements.⁸⁴ Harmony recently announced positive cash NPAT is expected in FY24 with significant NPAT growth in FY25 and beyond, however given low profitability, is currently trading at a FY+2 multiple of 15.4 times;⁸⁵
 - current trading multiples for Plenti, MoneyMe, Harmony and Wisr may have been impacted by their collective submission to the Office of the Australian Information Commissioner on 7 May 2024 regarding proposed variations to the Credit Reporting Code that may impact their consumer finance businesses;⁸⁶ and
 - Prospera is larger than the observed emerging fintechs. Once it has achieved sustainable loss rates and profitability, we would expect Prospera to be more mature and therefore trade at P/E multiples slightly above the observed emerging fintechs.

We note the following in relation to the listed company book value multiples:

- the P/B value multiples at which the comparable companies are trading indicate the future growth expected to be derived from the existing book of net assets. Generally, trading at a premium to book value (P/B greater than 1.0 times) indicates that investors anticipate greater value can be leveraged from the book than the current reported fair value, and likely reflects substantial growth opportunities either within or outside of core operations, and the presence of goodwill. Conversely, a P/B of less than 1.0 times indicates that investors may expect additional cost would be required to realise existing value or further growth. An acquirer of Prospera is likely to take into account the costs of administering a loan portfolio. Larger companies that are able to spread back office costs across a larger portfolio are likely to have a reduced discount /greater premium applied. In addition, where loans require less admin (e.g., as are larger and longer in duration), the costs are likely to be lower. Excluding outliers, P/TBV multiples for the observed comparable companies range between 0.5 and 1.5 times;
- of the larger lenders, Judo is currently trading at a P/TBV multiple of 0.9 times. Credit Corp, SG Fleet and FleetPartners have P/B multiples at the higher end of the comparable companies suggesting investors anticipate stronger growth from the existing asset base;
- Humm and Solvar have the lowest P/TBV multiples of 0.5 and 0.6 times respectively. As mentioned for Humm's P/E multiples, Humm's P/B multiple may reflect the expected impact of reforms for more onerous lending checks on demand for BNPL products and services. Humm is also rationalising its product portfolio, suspending products and exiting unprofitable merchants. Solvar is also facing regulatory issues with ASIC and the Commerce Commission of New Zealand;⁸⁷
- MoneyMe's has relatively low levels of unrestricted cash (\$15.0 million as at 31 December 2023, representing 10.6% of net tangible assets) and is trading at a P/TBV multiple of 0.7 times; and

⁸³ MoneyMe 1H24 Results Investor Presentation, 26 February 2024, 3Q24 ASX Announcement 1 May 2024.

⁸⁴ Harmony 1H24 Investor Presentation, 23 February 2024.

⁸⁵ Harmony ASX Announcements, 1 February 2024, 1 May 2024.

⁸⁶ AFR, Eyres, J., 'Four listed fintechs say they'll be smashed by credit report rules', 21 May 2024. www.oaic.gov.au.

⁸⁷ Solvar 1H FY24 Investor Presentation, 20 February 2024.

- Beforepay provides customers with access to short term advances of up to \$2,000 via an automated digital platform to manage temporary cash flow challenges with only a 5% fixed fee. Beforepay is not yet profitable but has demonstrated consistent improvement in credit quality.⁸⁸ It is currently trading at a P/TBV multiple of 0.8 times.

Sharemarket evidence summary

In summary, in absence of a direct comparable, we have considered a broad range of ASX-listed bank and non-bank peers.

Judo Bank is the primary listed bank peer, and whilst it is a direct competitor of Prospa, targeting small and medium businesses, Judo Bank is more mature, of significantly greater scale and profitability with strong growth prospects. Judo Bank is trading at a forecast FY+2 P/E multiple of 16.0 times and a P/TBV multiple of 0.9 times.

Of the non-bank peers, Humm and Earlypay as established fintechs, are comparable in terms of size, however offer a broader range of products and services. Humm and Earlypay are trading at forecast FY+2 P/E multiples of 6.3 and 6.7 times and P/TBV multiples of 0.5 and 1.1 times respectively.

MoneyMe is an emerging fintech that is smaller than Prospa and targets consumer loans, however the majority of loans are hedged against interest rate movements. MoneyMe currently trades at a LTM P/E multiple of 5.7 times and a P/TBV multiples of 0.7 times. We note that these multiples exclude a premium for control.

On the basis of the above, and with an overall regard to each of the multiples of ASX-listed peers which exclude a premium for control and the attributes of these businesses compared to Prospa, we consider a P/E multiple range of between 6.0 and 6.5 times, and an implied P/TBV multiple of under 1.0 times to be appropriate for Prospa.

Transaction evidence

As there are relatively few directly comparable domestic transactions, we have also considered transactions that are relatable in a broader sense including multiples implied by IPOs, and comparable transactions in the United States and United Kingdom. We note, however, that in addition to company and transaction specific factors, the IPO multiples will be influenced by the growth outlooks at the time of listing, and the international multiples will be influenced by the local market economic conditions and outlook at the time of the transaction.

In particular, we note that the rising interest rates and debt service costs across Australia, the United States and United Kingdom, have impacted lender profitability since 2022, and have resulted in a negative re-rating for new and growing companies. Older transactions may therefore not be as relevant.

The following table sets out the P/E, P/TBV and P/B multiples implied by transactions and IPOs that involved companies providing services similar to those offered by Prospa, for which sufficient financial and transactional data is publicly available. The multiples that are based on transactions include a control premium.

⁸⁸ Beforepay Group Limited H1 FY24 Half Year Results Presentation, 26 February 2024, unaudited.

Transaction Evidence

Announcement Date	Target	Acquirer	Country	Percentage Acquired (%)	Equity Value (100%) (\$m) ¹	P/E ²	P/TBV	P/B
24-Jan-24	Zip Business loan portfolio	Prospa Group Limited	Australia	100%	15.6	NA	0.8	0.8
21-Sep-23	Thorn Group Limited	Somers Limited	Australia	100%	40.7	NM	0.8 ³	0.8 ³
22-Feb-23	Partners Bancorp	Linkbancorp, Inc.	United States	100%	236.9	11.9	1.3	1.2
17-Dec-21	SocietyOne Australia Pty Ltd.	MoneyMe Limited	Australia	100%	144.5	NA	5.2	5.2
14-Oct-21	Judo IPO		Australia	NM	2,317.0	NM	1.7	1.7
9-Aug-21	Citigroup Consumer Business ⁴	NAB	Australia	100%	1,200.0	8.3	1.3	1.3
9-Aug-21	Symple Loans Pty Ltd	Latitude	Australia	100%	188.1	NA	9.7	9.7
7-May-21	Pepper Money IPO ⁵		Australia	NM	1,270.2	11.9	2.8	2.5
20-Apr-21	Latitude IPO ⁶		Australia	NM	2,600.0	11.6	4.1	2.1
22-Feb-21	Members Equity Bank Limited	Bank of Queensland	Australia	100%	1,325.0	11.9	1.1 ³	1.1 ³
2-Jun-20	UDC Finance Limited	Shinsei	Australia	100%	609.1	10.7	1.2	1.2
13-Oct-17	Aldermore Group Plc	FirstRand	United Kingdom	100%	1,821.7	10.5	1.8	1.6
5-Jul-17	Pepper Group	KKR	Australia	100%	635.1	9.7	1.7	1.4

Source: S&P Capital IQ, Mergermarket, Company financial statements; Kroll analysis. Outliers are shaded in grey. NA means not available. NM means not meaningful.

Notes:

1. Implied equity value if less than 100% of the company had been acquired.
2. P/E multiple is defined as gross considerations divided by earnings. Earnings definitions can vary slightly by transaction. See notes below for specific definitions.
3. Reflects a P/B ratio.
4. Citigroup P/E multiple is based on Cash NPAT excluding significant items.
5. Pepper Money IPO P/E multiples are based on net profit from continuing operations and exclude significant items.
6. Latitude IPO P/E multiple is pro-forma FY20 Cash NPAT and excludes significant items and amortisation of intangible.

The P/E and P/TBV multiples for broadly comparable transactions are in a wide range of 8.3 to 11.9 times and 0.8 to 1.8 times respectively, excluding outliers. In assessing the comparability of the multiples implied by the transactions, it is important to consider the attributes of the target companies and the circumstances of each transaction, including the scale of the business and loan portfolio, growth prospects, profitability of target company and market valuations at the time of the transaction; and the level of synergies available to the acquirer.

We note the following in relation to the transaction multiples:

- Prospa acquired Zip Co's SME loan book in January 2024 for \$15.6 million as Zip Co was winding down its SME lending business. We would expect Prospa to trade at a multiple that is similar or slightly higher than ZipCo's P/B of 0.8 times multiple;
- the recent acquisition of Thorn by Somers also implied a P/B multiple of 0.8 times. Thorn did not generate positive net income in FY23 therefore no P/E multiple is available for the transaction. This transaction between Thorn and Somers occurred shortly after Thorn divested of its asset finance portfolio and debtor finance portfolio in September 2023, which constituted the disposal of Thorn's main SME finance undertaking. The 0.8 times P/B multiple reflects the implied value of the remaining fintech financial services business which included legacy low quality equipment finance and run-off solar panel equipment financing receivables. This transaction occurred whilst Thorn was exposed to

deteriorating macroeconomic conditions in late 2023 and whilst Thorn had commenced a transition of its business to focus on active investments in the fintech sector, as a diversified small business focused financial services organisation, Thorn would need to incur significant reorganisation and restructuring costs in the short-to-medium term to increase scale sufficiently to achieve a sustainable level of profitability.⁸⁹ Given the quality of Prospa's earnings, we would expect Prospa to trade at a P/B that is similar to or slightly higher than for this transaction;

- the multiples of Latitude's acquisition of Symple Loans and MoneyMe's merger with SocietyOne were excluded as outliers, impacted by transaction synergies:
 - Latitude's acquisition of Symple Loans in 2021 reflected significant synergies, as Latitude intended to roll its existing loan book onto Symple's technology and decommissioning its older system. Latitude described Symple's technology as being globally scalable and cheaper to run, delivering \$28 million in annual cost synergies;⁹⁰
 - the MoneyMe merger with SocietyOne built scale to enable the merged non-bank lender to compete with major banks. The two entities had very little customer overlap providing an opportunity for expected revenue synergies of over \$15 million per annum from broadening of distribution channels, and \$17 million in annual pre-tax cost synergies were expected from removing duplication across the two businesses;⁹¹
- several of the observed transactions were influenced by stronger growth conditions at the time:
 - the IPO P/TBV multiples of between 1.7 and 4.1 times reflect the growth expectations for Latitude, Pepper Money and Judo at the time of listing in 2021, when the Australian market and fintech sector were experiencing fast growth supported by government stimulus following the COVID-19 pandemic. Latitude, Pepper Money and Judo are currently trading at discounts of 44.6%, 50.9% and 60.2% to their respective IPO prices;⁹² and
 - at the time of KKR's acquisition of Pepper Group, Pepper Group's loan book had increased 36% in 2016, exceeding the banking sector's 6.5% credit growth as banks eased off risky lending in response to regulator concerns regarding household debt at the time;⁹³
 - we would expect Prospa's multiples to be lower than those implied by the IPO multiples and KKR/Pepper Group given then variance in growth outlook between Prospa now and for these companies at the time of listing and of the Pepper Group at the time of acquisition;
- the remaining transactions relate to target companies that were significantly larger and more profitable, with more diversified and secured financial products, operating either as banks or in asset finance. The range of implied P/E and P/TBV multiples for these transactions is between 8.3 and 11.9 times, and 1.1 and 1.8 times. We note the following regarding these transactions:
 - Partners Bancorp had over US\$1.7 billion in assets with a low cost deposit base and experienced commercial lending teams. Linkbancorp agreed to acquire Partners Bancorp three months after a planned merger between Partners Bancorp and OceanFirst Financial was terminated citing regulatory delays. The acquisition was expected to bring scale, technology and staff benefits with estimated savings of US\$13.8 million before tax, however was priced slightly lower than the 2021 valuation with OceanFirst Financial;⁹⁴
 - Citigroup's Australian consumer business consisted of 1.4 million customers and \$7.9 billion in home loans, with 47% of the estimated 400,000 mortgage customers to be within the mature and affluent suburbs category, suggesting a high quality and low mortgage book. The transaction rationale at the time was to support NAB's strategic ambition to build a robust personal bank with the opportunity to offer cross-selling opportunity to Citi's consumer business customers;

⁸⁹ ASX Announcement, Thorn Explanatory Booklet, 24 October 2023.

⁹⁰ Australian Financial Review, J. Eyers, 'Latitude buys Symple for \$200m in personal loan push', 9 August 2021.

⁹¹ Australian Financial Review, A. de Kretser, 'MoneyMe completes SocietyOne merger, names new management', 15 March 2022.

⁹² Calculated on the basis of closing prices as at 30 May 2024 relative to the IPO offer prices of \$2.60, \$2.89 and \$2.10 for Latitude, Pepper Money and Judo respectively.

⁹³ <https://www.reuters.com/article/idUSKBN1AQ00W/>.

⁹⁴ Dive Brief, 'Partners Bank finds a new buyer in Linkbancorp', 27 February 2023, <https://www.bankingdive.com/news/partners-linkbancorp/643534/>.

- the acquisition of Members Equity Bank Limited (**ME Bank**) by Bank of Queensland represented an implied multiple of 1.05 times the FY20 reported book value. ME Bank has steady profitability and had a loan book of approximately \$25.9 billion as at 31 December 2020;
- UDC Finance is the largest non-bank lender and leading asset finance business in New Zealand. The implied multiples may also reflect additional value associated with the expected steady economic growth at the time, and geographical diversification benefits to the acquirer; and
- South African lender, FirstRand, acquired Aldermore Group to diversify its product offerings in the United Kingdom using the strengths that Aldermore Group had in the SME, mortgage and savings market. At the time, Aldermore had loans to SME's and individuals totalling GBP8.4 billion. First Rand also planned to integrate its motor finance business within Aldermore and use Aldermore's funding platform;⁹⁵
- given the scale, product quality, profitability and expected growth of these target companies is higher than for Prospa at present, and several of these transactions also included specific synergies at the time of the transaction, we would expect Prospa to trade at multiples lower than those implied by these transactions.

Each of the transactions listed in the previous table are described in Appendix 4.

Transaction evidence summary

Of the identified comparable transactions, Prospa's acquisition of Zip Co's SME loan book and Somers acquisition of Thorn's fintech financial services business are the most recent. However, the 0.8 times implied P/B multiple for both transactions reflect the sale of non-core or residual businesses.

In the absence of a single, direct transaction comparable, we have considered transactions that are relatable in a broader sense involving listed lending peers. Whilst the IPO issue prices provide indications of value for similar lenders, these companies were larger and offer prices were buoyed by strong growth expectations at the time. Other recent transactions involving smaller non-banks (Symple Loans and SocietyOne) reflect significant synergies specific to those transactions. The remaining transactions relate to target companies that are significantly larger in scale, higher product quality, profitability and growth prospects.

On the basis of the above, and with an overall regard to each of the multiples of listed transactions which include a premium for control and the attributes of these businesses compared to Prospa, we consider a P/E multiple lower than the low point of the observed range of 8.3 to 11.9 times, and an implied P/TBV multiple at the lower end of the observed range of 0.8 to 1.8 times (excluding outliers) to be appropriate for Prospa.

9.3.4 Specific attributes of Prospa

In forming our view as to the value of Prospa's operating business we have considered a series of factors. We recognise what has been achieved in the business in recent years, but also consider what still needs to occur in order for it to achieve sustainable profitability. A summary of the main items we have considered are as follows:

- Prospa's unique position providing online lending to small businesses in Australia and New Zealand;
- a large addressable market for Prospa's products that is growing due to continued growth in the number and income of small businesses, and increasing popularity of online lending and digital banking services. We note, however, the growing competition amongst fintech and other non-bank lenders as participants invest in technology, expand offerings and improve customer service, credit risk assessment and loan processing times;
- the mismatch between Prospa's interest income, which is linked to fixed interest rate loans, and Prospa's cost of funding which is primarily linked to bank bill swap rates in both Australia and New Zealand, with only around 25% of variable rate exposures hedged;
- the mismatch between the weighted average loan life of Prospa's products (between 16 and 21 months) and the weighted average duration of Prospa's available funding (21 months as at 31 December 2023);

⁹⁵ Leasing Life, B. Cantwell, 'FirstRand Group agrees purchase of Aldermore for GBP1.1 bn', 6 November 2017 <https://www.leasinglife.com/news/firstrand-group-agrees-purchase-aldermore-1-1bn/?cf-view>.

- the decline in Prospa’s loan book as a result of reduced originations in 1H24 reflecting Prospa’s deliberate tightening of credit settings, and higher proportion of premium quality receivables with lower margins;
- Prospa currently lacks scale to spread overhead costs, however, Prospa has undertaken cost restructures and plans for further cost reductions to improve its underlying cost base;
- limited growth prospects due to Prospa’s current operating losses and cash generation, and difficulty in raising capital at the current share price. There is no certainty that Prospa can improve originations and loan book growth together with matching yields, NIM and credit risk;
- the valuation assumes that Prospa does not require additional capital to execute its strategy in the short term but that it will require its existing unrestricted cash of \$20.3 million as at 31 March 2024 (excluding the \$12 million of drawn iPartners Corporate debt required to be repaid on July 2024 if not extended under the Transaction) to support operations; and
- Prospa’s carried forward income tax losses, however, recognising that the ability to utilise them is uncertain and it is unlikely that an acquirer would attribute significant value to them. Refer to Section 9.5 of this report for discussion regarding Prospa’s cash and tax losses.

The abnormal credit losses associated with the higher-than-expected arrears stemming from origination cohorts in mid-2022 are addressed in Section 9.3.5 of this report;

9.3.5 Present value of outstanding abnormal credit losses

As the remaining loans originated in 2022 with higher-than-expected arrears are cleared from the loan book, Prospa is expected to continue to incur abnormally high credit losses until FY25. The market approach using P/E multiples is based upon a normalised level of credit losses as at FY+2 to align with FY25. Therefore, an adjustment is required to reflect the abnormal credit losses between the present valuation date and FY25.

Prospa management has provided forecast gross cash receipts associated with the run-down of the loan book as at 31 March 2023. Based on the estimated net cash receipts arising from a range of net credit losses of between 9% and 11% of average gross loans, the estimated time to transition to a normalised level of credit losses, and tax at 30%, Kroll estimates the present value of outstanding abnormal credit losses to range between \$2.3 million and \$4.7 million.

9.4 Valuation cross-check

In order to cross-check the selected valuation range for Prospa Shares, Kroll has compared the implied P/TBV multiples to the P/TBV multiples of observed comparable transactions.

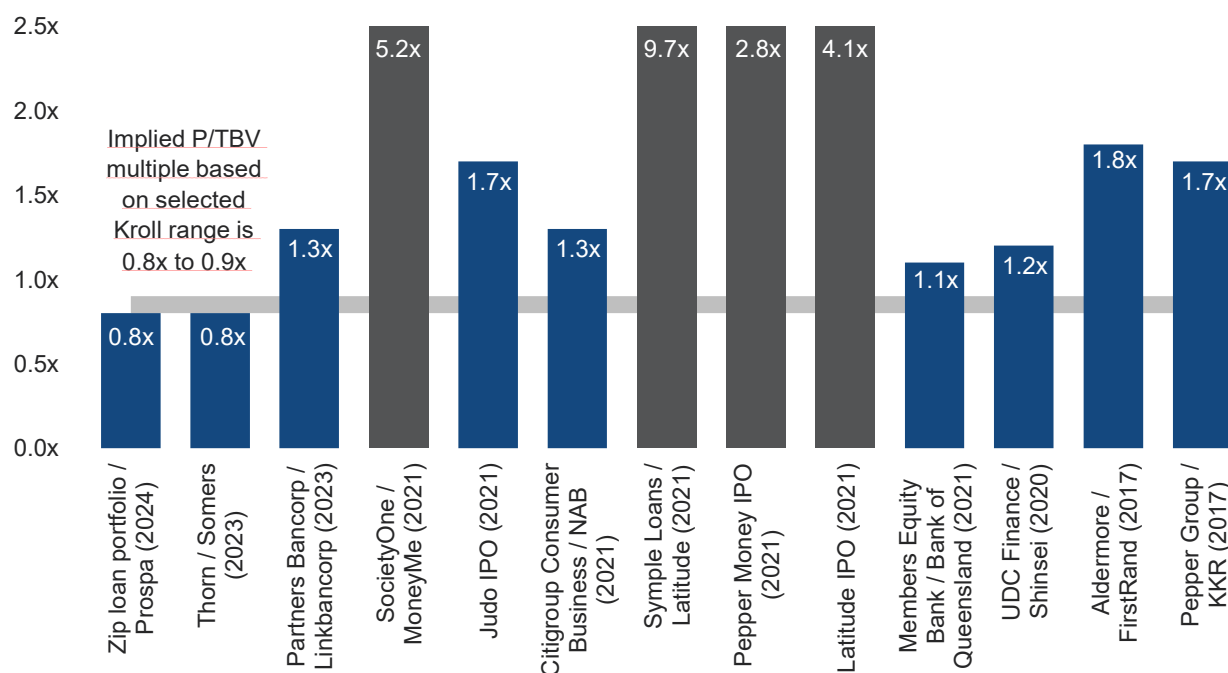
Prospa Implied P/TBV Multiples

	Section Reference	Valuation Range	
		Low	High
Value of Prospa’s operating business (control basis)	9.3	71.5	80.2
Book value (Net tangible assets as at 31 March 2024)	8.4	92.3	92.3
Implied P/TBV multiple (control basis)		0.8	0.9

Source: Kroll analysis.

The following chart illustrates the implied Prospa P/TBV multiples relative to the observed comparable transactions (including a control premium), as discussed in Section 9.3.3 of this report.

Implied P/TBV Multiples



Source: S&P Capital IQ, Mergermarket, Company financial statements; Kroll analysis. Outliers are shaded in grey.

We consider the implied P/TBV multiples to be reasonable for the following reasons:

- Prospa's acquisition of Zip Co's SME loan book and Somers acquisition of Thorn's fintech financial services business are the most recent transactions and were both undertaken at implied P/B multiples of 0.8 times. Both transactions, however, reflected the sale of non-core or residual businesses. We would expect Prospa to trade at a similar or slightly higher multiple;
- Prospa is smaller in size and scale than the remaining observed comparable transaction targets which means back office costs are spread across a smaller asset base. Furthermore, its loans are relatively small and have a shorter duration, with a relatively high loss ratio, which increases the administrative burden per loan. Prospa also currently has lower profitability, and its current loan book has abnormally high loss rates. Lastly, it has lower growth prospects, impacted by the difficulty in raising capital at current share prices and there is limited value attributed to goodwill as a result of variability of returns, higher loss rates and risk profile of the business, particularly while the economic outlook in Australia and New Zealand remains uncertain;
- the high implied P/TBV multiples reflect significant transaction synergies, particularly for Latitude's acquisition of Symple Loans, MoneyMe's merger with SocietyOne, as discussed in Section 9.3.3 of this report; and
- the majority of the observed transactions also reflect stronger growth conditions at the time of each transaction, including the IPO's of Judo, Pepper Money and Latitude which were undertaken when the Australian market and fintech sector were experiencing strong growth supported by government stimulus following the COVID-19 pandemic. The sector has been subsequently re-rated. We would therefore expect Prospa to trade at multiples lower than those implied by these transactions.

Accordingly, we consider that the implied multiple cross-check supports our primary P/E multiple approach.

9.5 Surplus assets and liabilities

Surplus assets and liabilities are those assets and liabilities not required to sustain the adopted level of maintainable earnings. Based on our analysis and discussions with Prospa management, we are not aware of any material surplus assets or liabilities that require consideration in our valuation of Prospa, other than unused tax losses and surplus cash.

As at 31 December 2023, Prospa had cumulative tax losses of \$11.2 million and a deferred tax asset of \$3.4 million has been recognised to reflect this. The ability to utilise these tax losses is uncertain since:

- it is uncertain when any material taxable income will be generated in the relevant jurisdictions in the short- to medium-term; and
- even if taxable income was generated, the acquirer would need to meet the continuity of ownership and/or similar business tests over the period to obtain the tax benefit of the losses. Both of these tests can be difficult to satisfy.

As discussed in Section 8.4 of this report, Prospa management has advised that all of the unrestricted cash as at 31 March 2024 is required for the day-to-day operations of the business and is not surplus to operations.

If the Scheme becomes effective, Prospa will pay up to \$0.3 million in cash to equity incentive holders to resolve outstanding equity incentives, as discussed in Section 8.6.2 of this report. A balance of \$0.3 million has therefore been deducted from the valuation range.

Appendix 1 – Kroll disclosures

Qualifications

The individuals with overall responsibility for preparing this report on behalf of Kroll are Ian Jedlin and Celeste Oakley. Ian is an Associate and Accredited Business Valuation Specialist of the Institute of Chartered Accountants Australia and New Zealand and holds a Master of Commerce. He is also the Vice Chair of the Standards Review Board of the International Valuation Standards Council. Celeste holds a Bachelor of Economics, a Bachelor of Laws and a CFA designation. Both Ian and Celeste have extensive experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of independent expert reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Kroll's opinion as to whether the Scheme is in the best interests of Prospa Shareholders, in the absence of a superior proposal. Kroll expressly disclaims any liability to any Prospa Shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, Kroll has had no involvement in the preparation of the Scheme Booklet or any other document prepared in respect of the Scheme. As such, Kroll takes no responsibility for the content of the Scheme Booklet as a whole or other documents prepared in respect of the Scheme (other than this report).

Independence

Kroll considers itself to be independent in accordance with the requirements of Regulatory Guide 112 issued by ASIC on 30 March 2011. In considering independence, it is noted that Kroll does not have, and has not had within the previous two years, any business or professional relationship with Prospa or the Consortium or any financial or other interest that could reasonably be regarded as capable of affecting our ability to provide an unbiased opinion in relation to Prospa. Kroll's only role with respect to the Scheme has been the preparation of this report.

Kroll will receive a fixed fee of \$220,000 (excluding GST and out of pocket expenses) for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme Meetings. Kroll will receive no other benefit for the preparation of this report.

Declarations

Prospa has provided an indemnity to us for any claims arising out of any misstatement or omission in any material or information provided to us in the preparation of this report.

During the course of this engagement, Kroll provided draft copies of this report to management of Prospa for comment as to factual accuracy, as opposed to opinions, which are the responsibility of Kroll alone. Changes made to this report as a result of those reviews have not altered the methodology or opinions of Kroll as stated in this report.

The engagement has been conducted in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (**APESB**).

Kroll is authorised by Millinium Capital Managers Limited, Australian Financial Services Licence no. 284336, to provide the following financial services as their Corporate Authorised Representative:

- provide financial product advice in respect of the following classes of financial products:
- interests in managed investment schemes including investor directed portfolio services; and
- securities;

with respect to retail clients and wholesale clients.

Consents

Kroll consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet to be issued to Prospa Shareholders. Neither the whole nor any part of this report or its attachments



or any reference thereto may be included or attached to any other document without the prior written consent of Kroll as to the form and context in which it appears.

Appendix 2 – Limitations and reliance on information

Limitations and reliance on information

Kroll's opinion is based on prevailing economic, market, business and other conditions at the date of this report. However, the factors impacting these conditions continue to evolve and can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and the assets being valued specifically, could impact upon value in the future, either positively or negatively. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Our report is also based on financial and other information provided by Prospa and its advisers. Prospa has been responsible for ensuring that information provided by it and its representatives is not false or misleading or incomplete. Prospa has represented in writing to Kroll that to its knowledge, the information provided is complete and not incorrect or misleading in any material respect. Complete information is deemed to be information which at the time of completing this report should have been made available to Kroll and would have reasonably been expected to have been made available to Kroll to enable us to form our opinion. We have no reason to believe that any material facts have been withheld from us.

In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying such information. Nothing in this report should be taken to imply that Kroll has in any way carried out an audit of the books of account or other records of Prospa or the Consortium for the purposes of this report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards, as applicable.

In addition, we have also had discussions with Prospa in relation to the nature of the business operations, specific risks and opportunities, historical results of Prospa and prospects for the foreseeable future of Prospa. This type of information has been evaluated through analysis, inquiry and review to the extent considered necessary or practical as part of the information used in forming our opinion is comprised of the opinions and judgements of management. Kroll does not warrant that its procedures and inquiries have identified all matters that a more extensive analysis might disclose as they did not include verification work nor an audit or review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. Such information is often not capable of external verification or validation.

The statements and opinions included in this report are given in good faith and in the belief that such statements and opinions are not false or misleading.

Disclosure of information

In preparing this report, Kroll has had access to all financial information considered necessary in order to provide the required opinion. Prospa has requested Kroll limit the disclosure of certain information relating to Prospa. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising Prospa. As such the information in this report, unless otherwise indicated, has been limited to the type of information that is regularly placed into the public domain by Prospa.

Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information

- Scheme Booklet;
- Scheme Implementation Deed;
- results presentations and annual reports for Prospa for FY19 to FY23, 1H23 and 1H24 results presentations and financial reports;

- ASX announcements, press releases, media and analyst presentations and other public filings by Prospa including information available on its website;
- press articles regarding Prospa;
- Prospa Prospectus, May 2019;
- results presentations, annual reports, press releases and other public filings relating to comparable companies and comparable transactions;
- industry data, including Australian Bureau of Statistics, Statistics New Zealand, Reserve Bank of Australia, Australian Securities and Investments Commission, Australian Prudential Regulation Authority, Organisation for Economic Co-operation and Development and NAB Quarterly Business Surveys;
- various industry reports; and
- information sourced from Bloomberg, Refinitiv and S&P Capital IQ.

Non-public information

- Prospa Board papers and other internal briefing papers prepared by Prospa;
- Prospa Strategic Plan; and
- other confidential documents, presentations and workpapers.

In addition, we have had discussions with, and obtained information from, senior management of Prospa.

Appendix 3 – Valuation methodologies

The purpose of the valuation methodology adopted is, in the absence of direct market evidence, to provide an estimate of value using methodologies that rely on other sources of evidence. Consistent with International Valuation Standards, valuation methodologies applicable to assets or businesses can be categorised under three approaches: market approach, income approach and cost approach.

These approaches have application in different circumstances. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

The market comparable methodology indicates the value of a business by comparing it to publicly traded companies in similar lines of business. An analysis of the trading multiples of comparable companies yields insight into investor perceptions and, therefore, the value of the subject company. The multiples are evaluated and compared based on the relative growth potential and risk profile of the subject company vis-a-vis the publicly traded comparable companies. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands.

The comparable transaction methodology indicates value based on exchange prices in actual transactions. This process essentially involves the comparison and correlation of the subject company with other similar businesses recently sold or currently offered for sale. Considerations such as timeframe of transaction, premiums, and conditions of sale are analysed, and the observed transaction multiples are subjectively adjusted to indicate a value for the subject company.

A key step in both methods is determining the appropriate unit of comparison. In a business valuation common units of comparison include, revenue, EBITDA, EBIT, net profit after tax and book values. The choice will typically depend on the industry and characteristics of the subject asset.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them.

Income approach

Under an income approach the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history or there is a variable pattern of cash flow or the asset has a finite life.

The most common methodology adopted is the discounted cash flow (**DCF**) methodology. It has a strong theoretical basis and benefits by explicitly estimating future cash flows, allowing it to be used in a variety of circumstances, whether that be a start-up or an established business. It also allows for various scenarios and/or sensitivities to be modelled. Under a DCF methodology, forecast cash flows are discounted back to the valuation date resulting in a present value for the asset. Where there is an explicit forecast period a terminal value will typically be included, representing the value of the asset at the end of this period, which is also discounted back to the valuation date to give an overall value for the business. The rate at which the future cash flows are discounted (the discount rate) should reflect not only the time value of money, but also

the risk associated with the asset or business' future operations. Whilst discount rates are generally determined from observable data, substantial judgement is required in their determination. Further, the cash flows themselves also require considerable judgement in their preparation, placing significant importance on the quality of the underlying cash flow forecasts and the determination of an appropriate discount rate in order for a DCF methodology to produce a sensible valuation figure.

DCF's can also be extremely sensitive to what may be considered small changes in various assumptions and the longer the forecast period the more difficult it is in general to forecast cash flows with sufficient reliability. As such, it is important to adequately understand the basis and risks associated with the various assumptions used to derive the cash flow forecasts and recognise the impact it can have on resulting values including the value range. Notwithstanding, DCF methodologies are widely used and benefit from the rigour associated with the preparation of future cash flows.

Cost approach

Under a cost approach the value of an asset is determined having regard to the cost to replace or reproduce the asset. The most common methodologies include:

- the replacement cost;
- the reproduction cost method; and
- the summation method.

A cost based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies).

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Appendix 4 – Market evidence

Comparable companies

The following table sets out the trading multiples for the comparable companies to Prospa, as at 30 May 2024.

Comparable Companies Trading Multiples

Company Name	Market Capitalisation (\$ millions)	NPAT margin ¹				Net interest margin ²		Bad debt as % of gross loans	P/E multiple ⁸				P/TBV ⁹	P/B
		LTM	FY	FY+1	FY+2	FY-1	FY		FY	FY	LTM	FY+1		
Specialised Banks														
Judo Capital Holdings Limited	1,403.3	21.6%	21.1%	18.0%	20.5%	3.6%	4.8%	0.1%	18.8	16.8	19.8	16.0	0.9	0.9
Specialised Non-Banks														
SG Fleet	1,026.0	8.0%	7.7%	8.2%	8.6%	NA	NA	NA	13.6	12.9	11.2	10.5	NM ¹⁴	1.8
Credit Corp Group Limited	989.0	9.8%	20.0%	16.6%	18.1%	40.8% ³	43.0% ³	NA	10.8	20.8	12.2	9.8	1.3	1.3
Fleet partners	820.8	13.3%	13.3%	10.6%	8.9%	NA	NA	NA	10.0	10.0	10.7	11.9	5.5	1.3
Established Non-Banks														
Latitude Group Holdings Limited	1,206.0	(10.7%)	(10.7%)	10.0%	15.9%	11.1%	10.3%	3.4%	NM	NM	17.3	9.7	3.0	1.0
Liberty Financial Group Limited	1,148.4	22.4%	28.6%	22.2%	23.1%	5.1%	4.8%	NA	6.3	8.5	8.5	7.6	1.2	1.0
Pepper Money Limited	649.1	23.6%	23.6%	24.0%	26.4%	2.9%	2.6%	0.1%	5.7	5.7	6.6	5.9	0.9	0.8
Resimac Group Limited	386.0	24.7%	29.8%	29.3%	32.3%	1.9%	1.6%	0.0%	5.6	7.7	8.9	6.8	1.0	0.9
Humm Group	228.8	(2.8%)	0.6%	3.6%	5.2%	12.2%	8.1%	2.0%	NM	NM ¹⁰	10.2	6.3	0.5	0.4
Solvar Limited	201.7	21.2%	28.4%	12.2%	13.4%	26.6%	21.9%	4.4%	4.2	5.7	7.5	6.6	0.6	0.5
FSA Group Limited	109.2	21.4%	23.9%	NA	NA	11.1%	9.2%	0.5%	8.4	10.3	NA	NA	1.5	1.3
Earlypay Limited	47.7	3.1%	(15.0%)	13.5%	17.8%	16.4%	13.5%	3.9%	NM ¹⁰	NM	9.9	6.7	1.1	0.6
Emerging Fintech Lenders														
Zip Co Limited ¹¹	1,110.6	(6.8%)	(60.4%)	4.2%	(0.0%)	2.5% ⁴	2.8% ⁴	2.0% ⁶	NM	NM	NM ¹⁰	NM	11.2	2.7
Plenti Group Limited ¹²	124.0	(13.9%)	(13.9%)	(1.4%)	(0.1%)	5.3%	5.4%	0.7%	NM	NM	NM	NM ¹⁰	4.7	4.7
MoneyMe Limited	54.9	7.6%	8.2%	6.1%	6.6%	12.5%	12.0%	7.4%	4.5	5.7	4.4	3.7	0.7	0.3
Wisr Limited	50.8	(18.5%)	(28.8%)	3.4%	(3.9%)	7.0%	5.3%	2.0%	NM	NM	15.1	NM	1.1	1.0
Harmony Corp Limited ¹³	38.7	(6.2%)	(11.3%)	0.9%	1.7%	12.3%	10.2%	3.6%	NM	NM	33.8	15.4	1.2	0.9
Beforepay Group Limited	23.5	(0.0%)	(23.0%)	1.1%	(2.0%)	1.1% ⁵	1.9% ⁵	2.1% ⁷	NM	NM	NM ¹⁰	NM	0.8	0.8

Source: S&P Capital IQ, Company financial statements; Kroll analysis.

Notes:

1. NPAT margin calculated is based on net income to net revenue. Net income included for computation are based on normalised earnings which excludes non-recurring gains/losses and net revenue is interest income plus other income net off interest expense.
2. Net interest margin is calculated based on net revenue to average gross loans.
3. Calculated based on consumer loans loss provision expenses as % of average consumer loan receivables.
4. Cash transaction margin is presented.
5. Net transaction margin as % of Total Transaction Value (**TTV**) is presented. Net transaction margin is total income less the variable costs related with facilitating the loans and advance transaction. Variable cost includes net transaction loss, third party funding costs and direct service costs.
6. Net bad debt as % of TTV is presented.
7. Net transaction loss as % of pay advances plus fees is presented. Net transaction loss is actual and expected credit losses (net of recoveries). It comprises customer defaults plus current advances provisioned during the period.
8. The P/E multiples are calculated on the basis of normalised NPAT which excludes non-recurring gains/losses.
9. P/TBV refers to price to tangible book value.
10. P/E multiples for Humm, EarlyPay, Zip Co, Plenti Group and Beforepay are considered not meaningful (NM) due to very high multiples resulting from low profitability.
11. Zip Co provides point of sale credit and payments to customers and retail finance solutions and is winding down its SME lending business. Prospa bought Zip Co's SME loan book in January 2024 for \$15.6 million. ZipCo's multiples are therefore not a relevant guide and have been excluded.
12. Plenti provides green loans, car loans and personal loans and in November 2023 announced a strategic partnership with NAB to launch a "NAB powered by Plenti" car and electric vehicle loan, following which Plenti's market capitalisation more than doubled. We have therefore excluded Plenti's P/B multiples.
13. All of the comparable companies in the table operate in Australia, except Harmoney Corp Limited, which operates in New Zealand.
14. SG Fleet has negative net tangible assets due to a large balance of goodwill acquired through business combinations as at 31 December 2023.

Specialised Banks

Judo Capital

Judo Capital is an Australia-based holding company of Judo Bank Pty Ltd (**Judo Bank**). Judo Bank is a purpose built commercial bank focused on small and medium-sized business lending. Judo Bank also sells term deposits directly and via intermediaries to a range of deposit customers. Judo Bank acts as a unique specialist pure play SME lender within the Australian market, with loans starting at \$250,000 and had a loan book worth \$9.7 billion as at 31 December 2023.

Specialised Non-Banks

Credit Corp Limited

Credit Corp Limited (**Credit Corp**) is mainly engaged in the purchase and collection of debts in Australia, New Zealand and the United States. The company purchases past-due consumer and small business debts from major banks, finance companies, telecommunication companies and utility providers. It provides affordable repayment plans to customers and helps in improving their credit standing. Credit Corp is also engaged in consumer lending having a gross loan book of \$414 million and annualised revenue of \$185 million revenue as at 31 December 2023.

SG Fleet

SG Fleet is a provider of integrated mobility solutions which includes fleet management, vehicle leasing, and salary packaging services. The company has a presence across Australia, the United Kingdom and New Zealand managing over 270,000 vehicles. SG Fleet offers a range of fleet management solutions for corporate and government customers which are tailored to meet the specific requirements of each customer. The company mainly generates its revenue from contracts with customers which include mobility services income, vehicle risk income, and finance commissions. Other revenue streams of the company are finance and operating lease income.

FleetPartners

FleetPartners is a provider of fleet leasing and management services in Australia and New Zealand. The company offers business and personal car leasing services, and vehicle servicing services for various vehicles ranging from passenger cars to heavy commercial vehicles. FleetPartners operates through three segments i.e. Australia Commercial, Novated and New Zealand Commercial. The Australia Commercial and New Zealand Commercial segments specialise in fleet leasing and management with a share of 65.6% and 24.7% of the total net operating income in FY23, respectively. The Novated segment with operations in Australia, specialises in novated leasing and salary packaging.

Established Non-Banks

Liberty Financial Group Limited

Liberty Financial Group Limited (**Liberty**) provides financial services in Australia and New Zealand operating in three business segments i.e. Residential Finance, Secured Finance, and Financial Services. Residential Finance relates to residential mortgage lending in Australia and New Zealand. Secured Finance includes motor vehicle, commercial and self-managed superannuation fund lending in Australia and Financial Services includes mortgage broking, life insurance and unsecured lending. In FY23, Residential Finance and Secured Finance contributed 41% and 43% respectively to Liberty's net profit after tax. Liberty provides business loans ranging from \$50,000 to \$5000,000 for the purpose of managing working capital, inventory purchase, business acquisition and refinancing.

Latitude Group Holdings

Latitude Group Holdings (**Latitude**) provides instalment and lending services to customers mainly in Australia and New Zealand. Latitude instalments services include offering interest free payments and instalments to customers through credit cards and Buy Now Pay Later (**BNPL**) products. Latitudes' lending services includes offering personal and auto loans to customers directly and through partners. Latitude has 2.8 million customer accounts, more than 5,500 merchant partners in Australia and New Zealand, and 5,800 accredited brokers throughout Australia. Latitude operates its business through two segments i.e. Australia and New Zealand (**ANZ**) Pay and ANZ Money. The ANZ Pay business includes sales finance, BNPL products and credit cards while ANZ Money includes personal loans and motor loans business.

Pepper Money Limited

Pepper Money Limited (**Pepper Money**) is a non-bank lender which provides home loans, car loans, personal loans, and commercial loans to customers in Australia and New Zealand. Pepper Money operates its business through three segments which include mortgages, asset finance and loan and other servicing. The mortgages segment (representing 55.0% of FY23 operating income) is engaged in financing residential home loans in Australia and New Zealand and small balance commercial real estate loans in Australia. The asset finance (42.6% of FY23 operating income) business includes commercial and consumer lending of assets such as used cars and asset equipment. Loan and servicing business includes brokerage services, personal and home loan servicing. As at 31 December 2023, asset under management for mortgages and asset finance stood at \$12.6 billion and \$5.7 billion, respectively.

Resimac Group Limited

Resimac Group Limited (**Resimac**) is engaged in residential mortgage and asset finance lending, distributing prime and specialist products through various channels in Australia and New Zealand. Asset finance mainly includes auto loans, equipment finance, secured loans and insurance premium loans. Resimac has a home loan book of over \$13 billion and an asset portfolio of over \$600 million. Resimac's distribution business includes distributing loans in Australia and New Zealand through partnerships with accredited brokers and wholesale channels.

Humm Group

Humm Group (**Humm**) is a fintech company offering BNPL, credit cards, and business financing products. The company currently operates in Australia, New Zealand, Ireland, Canada and the United Kingdom. Humm offers long term interest free finance under the humm90 brand, Q Mastercard which is an interest free credit card and business financing solutions (under FlexiCommercial), which includes leasing and chattel mortgages for small and medium businesses. Humm's loans and advances stood at \$4.7 billion as at 31 December 2023.

Solvar Limited

Solvar Limited (**Solvar**) is a provider of automotive and personal loans with operations across Australia and New Zealand. Solvar is engaged in providing consumer vehicle, commercial vehicle and personal loans (up to \$100,000) through its three business units i.e. Money3, Automotive Financial Services and Go Car Finance. Solvar provides commercial loans to small businesses and sole traders for the purchase of a vehicle or a piece of equipment to support their business operations. Solvar's loan portfolio stood at \$941.5 million as at 31 December 2023. The company operates its business through three distribution channels which include brokers, dealers and direct.

FSA Group Limited

FSA Group Limited (**FSA Group**) is engaged in lending in Australia which includes home loans, personal loans and asset finance. Personal loans mainly include motor vehicle and unsecured loans while asset finance deals in vehicle and equipment finance. FSA group also provides additional services to assist clients with informal arrangements, debt agreements, personal insolvency agreements and bankruptcy. The home loans and asset finance business contributed 40% to FSA Group's operating income in FY23. The personal finance business contributed 31%. The weighted average loan size of asset finance in FY23 was \$28,473.

EarlyPay Limited

EarlyPay Limited (**EarlyPay**) offers financial solutions to businesses in Australia. Invoice financing is Earlypay's core product (representing 72% of FY23 revenue), with supporting Equipment (21% of FY23 revenue) & Trade Finance (7% of FY23 revenue) providing alternative financing solutions for Australian SME businesses. Earlypay is focused on Australian SMEs that operate in the business to business (B2B) marketplace and services over 3,000 clients, with loan sizes ranging from \$50,000 to \$10 million. As at 31 December 2023, Earlypay's loan portfolio was worth approximately \$250 million.

Emerging Fintech Lenders

Zip Co Limited

Zip Co limited (**Zip**) is a digital financial company offering its services in Australia, New Zealand and the United States. Zip Co Limited provides BNPL and digital payment services having 6.3 million of active customers as at 31 December 2023. Zip offers retail finance solutions to small, medium, and enterprise

businesses. Its product offering includes Zip Pay and Zip Money. Zip Pay is an interest-free buy-now-pay-later service with a credit limit of up to \$1,000 while Zip Money provides higher credit limit of up to \$5,000. Though the company was loss making in FY23 at the net profit level, it has exited non-core markets and is focusing on reducing its cost base.

Plenti Group

Plenti Group (**Plenti**) is an Australian based lending and investment company offering consumer finance services. The company provides loan ranging from \$5,000 to \$100,000 including personal, car, renewable energy, holiday, wedding, dental and other loans. The loan portfolio of Plenti stood at \$2.0 billion as at 31 December 2023. Plenti also provides opportunities for customers to invest in secured loans with a tenure ranging from 1 month to 7 years through its Lending Platform.

MoneyMe

MoneyMe is a digital consumer lender in Australia which provides personal loans, freestyle credit card and debt consolidation services to individual customers. MoneyMe operates on its proprietary AI-driven technology platform to provide digital loans and credit cards quickly. It provides quick personal loans up to \$50,000 for a maximum tenor of 5 years and a credit card with a limit of \$5,000 and a 55 day interest free period. MoneyMe's gross loan book stood at \$1,150 million as at 31 December 2023.

Harmony Corp Limited

Harmony Corp Limited (**Harmony**) is an online lender providing personal loans in Australia and New Zealand with loan sizes ranging from \$2,000 to \$70,000. Personal loans mainly include loans for home improvements, wedding, car, holiday, education, business and medical expenses. Harmony's loan portfolio stood at \$756 million as at 31 December 2023 with Australia and New Zealand each having 52% and 48% share respectively of the loan portfolio.

Wisr Limited

Wisr Limited (**Wisr**) is a non-bank consumer lender in Australia mainly providing secured and unsecured personal loans. Wisr provides unsecured personal loans from \$5,000 to \$64,000 and secured loans from \$10,000 to \$99,000 with interest rates ranging from 9.04% per annum to 23.29% per annum. The company's loan offering includes personal loans, debt consolidation loans, car loans, wedding loans and others with a gross loan book of \$847 million as at 31 December 2023.

Beforepay Group Limited

Beforepay Group Limited (**Beforepay**) is an application-based lending service company that provides consumers access to credit based on a portion of their salary before payday. The maximum limit of the credit is \$2,000 with highest tenor of four weeks. Beforepay charge its customers a fixed transaction fee of 5% instead of interest rate. The company had 235,544 active users on its platform as at 31 December 2023. Beforepay's application also help customers to view their income, spending habits, upcoming bills and outstanding repayments and create budgets automatically, based on past spending.

Comparable transactions

The following tables set out the key comparable transactions within the financial services sector.

Comparable Transaction Multiples

Announcement Date	Target	Acquirer	Country	Percentage Acquired (%)	Equity Value (100%) (\$m) ¹	P/E ²	P/TBV	P/B
24-Jan-24	Zip Business loan portfolio ³	Prospa Group Limited	Australia	100%	15.6	NA	0.8	0.8
21-Sep-23	Thorn Group Limited	Somers Limited	Australia	100%	40.7	NM	0.8 ³	0.8 ³
22-Feb-23	Partners Bancorp	Linkbancorp, Inc.	United States	100%	236.9	11.9	1.3	1.2
17-Dec-21	SocietyOne Australia Pty. Ltd.	MoneyMe Limited	Australia	100%	144.5	NA	5.2	5.2
14-Oct-21	Judo IPO		Australia	NM	2,317.0	NM	1.7	1.7
9-Aug-21	Citigroup Consumer Business ⁴	NAB	Australia	100%	1,200.0	8.3	1.3	1.3
9-Aug-21	Symple Loans Pty Ltd	Latitude	Australia	100%	188.1	NA	9.7	9.7
7-May-21	Pepper Money IPO ⁵		Australia	NM	1,270.2	11.9	2.8	2.5
20-Apr-21	Latitude IPO ⁶		Australia	NM	2,600.0	11.6	4.1	2.1
22-Feb-21	Members Equity Bank Limited	Bank of Queensland	Australia	100%	1,325.0	11.9	1.1 ³	1.1 ³
2-Jun-20	UDC Finance Limited	Shinsei	Australia	100%	609.1	10.7	1.2	1.2
13-Oct-17	Aldermore Group Plc	FirstRand	United Kingdom	100%	1,821.7	10.5	1.8	1.6
5-Jul-17	Pepper Group	KKR	Australia	100%	635.1	9.7	1.7	1.4

Source: S&P Capital IQ, Mergermarket, Company financial statements; Kroll analysis.

NA means not available. NM means not meaningful.

Notes:

1. Implied equity value if less than 100% of the company had been acquired.
2. P/E multiple is defined as gross considerations divided by earnings. Earnings definitions can vary slightly by transaction. See notes below for specific definitions.
3. Reflects a P/B ratio.
4. Citigroup P/E multiple is based on Cash NPAT excluding significant items.
5. Pepper Money IPO P/E multiples are based on net profit from continuing operations and exclude significant items.
6. Latitude IPO P/E multiple is pro-forma FY20 Cash NPAT and excludes significant items and amortisation of intangible.

Zip Business Pty Ltd loan portfolio / Prospa

On 24 January 2024, Prospa announced it had entered into an agreement to acquire Zip Business Pty Ltd's (**Zip**) business loan portfolio for approximately \$15.6m. Zip operates as a global *BNPL* financial technology company with operations in Australia, New Zealand and the United States. The acquisition comprised all of Zip's remaining performing Australian business loans, equivalent to approximately \$18.4 million of commercial loans to approximately 370 small businesses. The transaction occurred at an implied price to book multiple of 0.8 times.

Thorn Group Limited / Somers Limited

On 17 September 2023, Thorn Group Limited (**Thorn**) announced it had entered into a Scheme Implementation Deed with Somers Limited (**Somers**) with Somers to acquire all the remaining ordinary shares in Thorn for an implied consideration (on an ex-dividend basis) of approximately \$41 million. Thorn Group was a diversified, small business focused financial service organisation with asset finance loans, other lending and listed investments. Somers is an investment company with investments focused on the banking, asset financing, fintech and wealth management sectors. The transaction occurred at an implied P/TBV multiple (on an ex-dividend basis) of 0.8 times.

Partners Bancorp / Linkbancorp, Inc.

On 22 February 2023, Linkbancorp, Inc. (**Linkbank**) entered into an agreement with Partners Bancorp to merge Partners Bancorp into Linkbank, with Linkbank as the surviving entity. Partners Bancorp was a holding corporation for the Bank of Delmarva and Virginia Partners Bank, two banks offering both commercial and consumer banking services to individuals, SMEs and businesses in the United States. Linkbank offers both personal and business banking services to customers in the United States. In the merger, Partners Bancorp shareholders received 1.15 shares of Linkbank common stock for each share of Partners common stock they own. At the time of announcement, the merger ratio implied a price to book multiple of 1.2 times and an earnings multiple of 11.9 times.

SocietyOne Australia Pty Ltd. / MoneyMe Limited

On 17 December 2021, MoneyMe Limited (**MoneyMe**) entered into a merger implementation agreement to acquire a 100% stake in SocietyOne Australia Pty Ltd. (**SocietyOne**) for \$130 million. SocietyOne operates as an online lending marketplace that connects borrowers and investors to loans in Australia. SocietyOne's differentiated customer base with approximately 25,000 active loan customers as of the time of the transaction complemented MoneyMe's lending base. The acquisition price implied a P/TBV multiple of 5.2 times.

Judo Bank Initial Public Offering

On 1 November 2021, Judo Bank officially listed on the ASX by way of an initial public offering, raising approximately \$653 million (313.5 million shares at an offer price of \$2.10 per share). Judo Bank is an Australian purpose built commercial bank focused on small and medium-sized business lending. In the three months prior to 30 September 2021, Judo's lending portfolio grew by 17.9% on an aggregate basis, suggesting robust growth underpinned by its relationship-centric model. The transaction implied a 100% equity value of Judo of \$2,317m and a price-to-book ratio of 1.7 times, reflecting strong growth in Judo's lending portfolio.

Australian consumer business of Citigroup Pty Ltd / National Australia Bank Limited

On 9 August 2021, National Australia Bank Limited (**NAB**) entered into a sale and purchase agreement to acquire a 100% stake in Citigroup Pty Ltd's (**Citi**) Australian consumer business for \$1.2 billion. Citi's Australian consumer business consists of 1.4 million customers and \$7.9 billion of home loans, consisting of 47% of the estimated 400,000 mortgage customers to be within the mature and affluent suburbs category, suggesting a high quality and low mortgage book. The transaction rationale at the time was to support NAB's strategic ambition to build a robust personal bank with the opportunity to offer cross-selling opportunity to Citi's consumer business customers. The acquisition implied a P/E of 8.3 times and a P/TBV multiple of 1.3 times.

Symple Loans Pty Ltd / Latitude Group Holdings Limited

On 9 August 2021, Latitude Group Holdings Limited (**Latitude**) agreed to acquire 100% of Symple Loans Pty Ltd (**Symple**) for approximately \$188 million. Symple is an Australian fintech non-bank personal lender, with a loan book of approximately \$53 million at the time of acquisition. Latitude, at the time of transaction, was Australia's fourth largest personal lender with a focus on consumer finance including credit cards, car

loans and personal insurance. The acquisition implied a P/TBV multiple of 9.7 times, potentially explainable by the growth upside in Symple's loan book together with the implied value of Symple's technology platform.

Pepper Money Limited Initial Public Offering

On 25 May 2021, Pepper Money Limited (**Pepper Money**) officially listed on the ASX by way of an initial public offering, raising approximately \$500.1 million (73.2 million shares at an offer price of \$2.89 per share). At the time of the transaction, Pepper Money was one of the largest non-bank lenders in the ANZ mortgage and asset finance markets, boasting assets under management and Pro Forma NPAT growth of 10% and 82% respectively from CY18 to CY20. The IPO occurred at an implied P/TBV multiple of 2.5 times and an implied earnings multiple of 11.9 times.

Latitude Group Holdings Initial Public Offering

On 22 April 2021, Latitude Financial had officially listed on the ASX by way of an initial public offering, raising approximately \$200 million (76.9 million shares at an offer price of \$2.60 per share). Positioning itself to grow as a disruptor in both instalments and lending, Latitude's presence within markets outside of the ANZ region pose as an opportunity to scale, developing its instalments offerings in Asian markets whilst also penetrating BNPL and Interest-free instalment financings via Latitude Pay and Latitude GO at the time of the transaction.

Members Equity Bank Limited / Bank of Queensland Limited

On 22 February 2021, Bank of Queensland Limited (**Bank of Queensland**) announced the acquisition of Members Equity Bank Limited (**ME Bank**) for \$1,325 million. ME Bank is an Australian retail bank that was owned by 26 Australian industry superannuation funds. Bank of Queensland is a consumer and business bank with extensive exposure to the Queensland economy including to the local SME market. The acquisition price implied a PB multiple of 1.05 times and an earnings multiple of 11.9 times.

UDC Finance Limited / Shinsei Bank Limited

On 2 June 2020, ANZ Bank New Zealand Limited agreed to sell a 100% stake of its asset finance business, UDC Finance Limited (**UDC Finance**), to Shinsei Bank Limited (**Shinsei Bank**) for \$609.1 million. Shinsei Bank's acquisition of UDC Finance directly complemented Shinsei Bank's overseas strategy of targeting the Asia Pacific Oceania region, to be reasoned under expectations of steady economic growth. UDC Finance was the Number 1 non-bank in New Zealand by loan assets (a loan asset book of NZ\$3.35b, 1.98 times its second competitor Latitude, of approximately NZ\$1.7b). The acquisition was expected to additionally provide Shinsei Bank with geographical diversification benefits.

Aldermore Group Plc / FirstRand International Limited

On 13 October 2017, Aldermore Group Plc (**Aldermore**), announced it had received an offer to be acquired by FirstRand International Limited (**FirstRand**). Aldermore is a specialist United Kingdom based bank with a focus on small business and individual banking needs. FirstRand is a South African headquartered portfolio of integrated financial services businesses that offer a set of transactional, lending investment and insurance products and services. On 6 November 2017, the Aldermore board recommended shareholders accept the cash offer from FirstRand. The offer valued the equity of Aldermore at approximately £1,100 million, implying a P/TBV ratio of 1.6 times and an earnings multiple of 10.5 times.

Pepper Money Finance / KKR Credit Advisors (US) LLC

On 10 August 2017, KKR Credit Advisors (US) LLC (**KKR**) entered into a Scheme Implementation Deed to acquire a 100% stake in Pepper Group Limited (now known as Pepper Money) for \$624.2 million. KKR is a global investment firm that manages funds across multiple alternative asset classes and strategies. Pepper Money shareholders at the time of the transaction were entitled to choose either a \$3.60 per share cash payment, or enter into a scrip transaction whereby existing shareholders retained equity interest in the bidding vehicle. The transaction occurred at an implied P/TBV multiple of 1.4 times and an implied earnings multiple of 9.7 times. KKR's strategic rationale at the time of the transaction was to gain further exposure to Australia's \$1.7 trillion mortgage market, supported by low delinquency rates and robust commissions on financing.

Part Two – Financial Services Guide

What is an FSG?

This Financial Services Guide (“FSG”) is an important document that provides you with information to help you decide whether to use our financial services.

This FSG contains information on:

- who we are;
- who our authorised representatives are;
- how we can be contacted;
- certain financial services that we can offer you;
- how we, our authorised representatives and other parties involved in providing the financial services are paid in relation to the financial services we offer; and
- details of how you can make a complaint about us or the financial services we provide.

Who we are?

Kroll Australia Pty Ltd (ACN 116 738 535), (“We”, “us” and “Kroll”) is authorised to provide retail financial services on behalf of Millinium Capital Managers Limited (ACN 111 283 357) (“Millinium”), Australian Financial Services License (“AFSL”) no. 284336, as a Corporate Authorised Representative (“CAR”). We have also appointed Mr. Ian Jedlin as an authorised representative to Millinium’s AFSL (our “Authorised Representative”). All authorised representatives of Kroll are authorised representatives of Millinium. We aim to provide quality financial products and services to investors. Kroll acts on its own behalf when providing financial services.

Kroll has been engaged by Prospa Limited (“Client”) to prepare an independent expert report (“Report”) in connection with the proposed acquisition by a consortium led by the Salter Brothers Tech Fund of Client. Client will provide our Report to you.

Our details

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh St
SYDNEY
NSW 2000
www.kroll.com
Ph: 02 8286 7200

Our Authorised Representative

Ian Jedlin
ASIC authorised representative: No. 000404117
Level 32, 85 Castlereagh St, SYDNEY, NSW 2000

Authorised Financial Services

Kroll is authorised by Millinium to provide the following financial services as their CAR:

- provide financial product advice in respect of the following classes of financial products:
 - interests in managed investment schemes including investor directed portfolio services; and
 - securities,
 - with respect to retail clients and wholesale clients.

This FSG only relates to the provision of general advice by Kroll.

Personal Advice

Neither we nor our authorised representatives can provide you with personal advice. Personal advice is advice that takes into account your objectives, financial situation and needs. Where you are referred to a financial planner for personal advice, they will make reasonable enquiries to understand your personal objectives, financial situation and needs. Their personal advice, and any relevant warnings, will be provided to you in their Statement of Advice (“SOA”).

Remuneration

Kroll charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay Kroll \$220,000 (excluding GST and out of pocket expenses) for preparing the Report. Kroll and its officers, representatives, related entities and associates (“Personnel”) will not receive any other fee or benefit in connection with the provision of the Report. All Personnel that provide general advice on our behalf in providing services are on contract to us and receive a salary or payments in accordance with their respective contracts. They may also receive a bonus, but it is not related to the general advice provided in the Report.

Kroll may provide professional services, including consultancy, business intelligence, transfer pricing and financial advisory services, to the person who engaged us and receive fees for those services Kroll and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaint Redressal

If you have a complaint, please let either Kroll or the Authorised Representative know. Formal complaints should be sent in writing to Complaints Officer, Kroll,



Level 32, 85 Castlereagh St, SYDNEY, NSW 2000. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 8286 7227 and they will assist you in documenting your complaint. If the complaint cannot be settled in the first instance by Kroll, you should contact Millinium via the contact details set out below:

In writing:

Dispute Resolution Officer
Millinium Capital Managers Limited
GPO Box 615
Sydney, NSW, 2000

When your complaint is received by Millinium it will be entered onto Millinium's complaints register. All details of the complaint will be sent to the Disputes Resolution Officer who will investigate the circumstances of the complaint. If the Disputes Resolution Officer is unable to reach a satisfactory resolution of the complaint within thirty (30) business days of receipt, you should contact Australian Financial Complaints Authority ("AFCA"). The details are:

In writing:

<https://www.afca.org.au/make-a-complaint>

Telephone

1300 56 55 62 (local call rate)

Email

info@afca.org.au

Website

www.afca.org.au

Please note that AFCA can currently only deal with claims for compensation up to \$1,085,000. Monetary limits and the AFCA terms of reference do change from time to time. Current details can be obtained from the AFCA website listed above.

Annexure 2 – Scheme of Arrangement



HERBERT
SMITH
FREEHILLS

Scheme of Arrangement - Share Scheme

Prospectus Group Limited

Scheme Shareholders



Scheme of arrangement – share scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Prospa Group Limited (**Prospa**) ABN 13 625 648 722 of Level 1, 4–16 Yurong Street, Darlinghurst NSW 2000.

The Scheme Shareholders

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

- (a) Prospa is a public company limited by shares, registered in New South Wales, Australia and has been admitted to the official list of the ASX. Prospa Shares are quoted for trading on the ASX.
- (b) As at 26 February 2024:
 - (1) 163,965,994 Prospa Shares;
 - (2) 9,484,806 Options; and
 - (3) 12,502,081 Performance Rights,were on issue.
- (c) HoldCo is an unlisted public company limited by shares registered in PGL HoldCo Limited ACN 673 816 816, Australia (**HoldCo**).



- (d) BidCo, a wholly-owned Subsidiary of HoldCo, is a proprietary company limited by shares registered in Salkbridge Pty Ltd ACN 675 264 356, Australia (**BidCo**).
- (e) If this Scheme becomes Effective:
 - (1) HoldCo and BidCo must provide or procure the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the terms and conditions of this Scheme and the Deed Poll; and
 - (2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to BidCo and Prospa will enter the name of BidCo in the Share Register in respect of the Scheme Shares.
- (f) Prospa, BidCo and HoldCo have agreed, by executing the Implementation Deed, to implement this Scheme.
- (g) This Scheme attributes actions to HoldCo and BidCo but does not itself impose an obligation on them to perform those actions. HoldCo and BidCo have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition at clause 3.1(g) in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by HoldCo, BidCo and Prospa;
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by HoldCo, BidCo and Prospa having been satisfied or waived; and
- (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date Prospa and HoldCo agree in writing).

3.2 Certificate

- (a) Prospa, HoldCo and BidCo will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.



- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

3.3 End Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless Prospa, BidCo and HoldCo otherwise agree in writing.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

Prospa must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible after the Court approves this Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme.

4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clauses 5.3(a), 5.3(b), 5.3(d) and 5.4(a), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to BidCo, without the need for any further act by any Scheme Shareholder (other than acts performed by Prospa as attorney and agent for Scheme Shareholders under clause 8.5), by:
 - (1) Prospa delivering to BidCo a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Prospa, for registration; and
 - (2) BidCo duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Prospa for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), but subject to the stamping of the Scheme Transfer (if required), Prospa must enter, or procure the entry of, the name of BidCo in the Share Register in respect of all the Scheme Shares transferred to BidCo in accordance with this Scheme.

4.3 Termination

If:

- (a) one or more Prospa Shareholders who made an Election to receive Scrip Consideration:



- (1) transfers some or all of their Prospa Shares that were the subject of that Election after the Election Time and before the Scheme Record Date; or
 - (2) changes their address as shown on the Prospa Share Register such that they are Ineligible Foreign Shareholders; and
- (b) as a result of such transfer or transfers and change or changes of address, the number of Prospa Shares in respect of which Prospa Shareholders have made (or are deemed to have made) valid Elections for Scrip Consideration under the Scheme (together with any Prospa Shares held by a BidCo Group Member, including the BidCo Group Shareholding) comprise less than 73.30% of the Prospa Shares on issue at the Scheme Record Date,

(the **Scheme Condition Subsequent**) then this Scheme will automatically terminate and be of no further force or effect, unless such non-satisfaction of the Scheme Condition Subsequent is waived by BidCo by written notice to Prospa on or before the date that is 3 Business Days after the Scheme Record Date.

5 Scheme Consideration

5.1 Provision of Scheme Consideration

- (a) The Scheme Consideration in respect of each Scheme Share is either:
 - (1) the Cash Consideration; or
 - (2) the Scrip Consideration.
- (b) Each Scheme Shareholder is entitled to receive either Cash Consideration or Scrip Consideration in respect of each Scheme Share held by that Scheme Shareholder, subject to the terms and conditions of this Scheme, including the restrictions on Ineligible Foreign Shareholders from electing and receiving Scrip Consideration.

5.2 Election

- (a) A Scheme Shareholder, other than an Ineligible Foreign Shareholder, may make an election (**Election**) to receive either:
 - (1) Cash Consideration for all of their Scheme Shares; or
 - (2) Scrip Consideration for all of their Scheme Shares,by completing the Election Form, such Election being subject to the terms and conditions of this Scheme including without limitation clauses 5.5, 5.6 and 5.8.
- (b) HoldCo must not issue any Scrip Consideration under this Scheme to or in respect of any Ineligible Foreign Shareholder. Accordingly, no Ineligible Foreign Shareholder may make a valid Election to receive the Scrip Consideration (and any such purported Election by or on behalf of an Ineligible Foreign Shareholder is void and of no effect).
- (c) Subject to clauses 5.2(f), 5.2(i) and 5.2(j), for an Election to be valid:
 - (1) the Scheme Shareholder must not be an Ineligible Foreign Shareholder;



- (2) the Scheme Shareholder must complete and sign the Election Form in accordance with the instructions in the Scheme Booklet and on the Election Form; and
 - (3) the Election Form must be received by the Prospa Registry before the Election Time at the address specified in the Scheme Booklet and on the Election Form.
- (d) An Election made by a Scheme Shareholder pursuant to clause 5.2(a), whether valid or not, will be irrevocable unless BidCo in its absolute discretion agrees to the revocation of the Election.
- (e) If:
 - (1) a valid Election is not made by a Scheme Shareholder;
 - (2) the Scheme Shareholder is an Ineligible Foreign Shareholder; or
 - (3) no Election is made by a Scheme Shareholder,then that Scheme Shareholder will be deemed to have elected to receive Cash Consideration in respect of all of their Scheme Shares.
- (f) Subject to clause 5.2(g), notwithstanding each Election will be made at or prior to the Election Time, each Election (or deemed election under clause 5.2(e)) will be made on the basis it will apply to all of the Scheme Shares held by a Scheme Shareholder as at the Scheme Record Date, and a Scheme Shareholder only being entitled to make one Election in relation to a particular holding.
- (g) In the manner considered appropriate by BidCo (acting reasonably), a Scheme Shareholder who holds one or more parcels of Prospa Shares as trustee or nominee for, or otherwise on account of, another person, may make separate Elections in relation to each of those parcels of Prospa Shares (subject to providing to BidCo any substantiating information it reasonably requires), and if it does so will be treated as a separate Scheme Shareholder in respect of each such parcel in respect of which a separate Election is made.
- (h) Subject to clauses 5.2(i) and 5.2(j), an Election Form will not be valid unless it is completed and received in accordance with the procedures set out in clause 5.2(c).
- (i) BidCo will determine, in its sole discretion, all questions as to the correct completion of an Election Form, and time of receipt of an Election Form. BidCo is not required to communicate with any Scheme Shareholder prior to making this determination. The determination of BidCo will be final and binding on the Scheme Shareholder.
- (j) Notwithstanding clause 5.2(c) and clause 5.2(g), BidCo may, in its sole discretion, at any time and without further communication to Scheme Shareholder, deem any Election Form it receives from a Scheme Shareholder to be a valid Election in respect of the relevant Scheme Shares, even if a requirement for a valid Election has not been complied with and may settle as it thinks fit any difficulty, matter of interpretation or dispute arising in connection with the validity of an Election.

5.3 Provision of Aggregate Cash Consideration

- (a) BidCo must, and Prospa must use its best endeavours to procure that BidCo does, by no later than the Business Day before the Implementation Date, deposit, or procure the deposit of, in cleared funds, an amount equal to the Aggregate Cash Consideration payable to all Scheme Shareholders less the OpCo Contribution into the Trust Account (provided that any interest on the



amounts deposited (less bank fees and other charges) will be credited to BidCo's account).

- (b) Prospa must, by no later than the Business Day before the Implementation Date, deposit, or procure the deposit of, in cleared funds, an amount equal to the OpCo Contribution into the Trust Account (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to BidCo's account).
- (c) On the Implementation Date, subject to funds having been deposited in accordance with clauses 5.3(a) and 5.3(b), Prospa must pay or procure the payment of the Aggregate Cash Consideration from the Trust Account, to each Scheme Shareholder who:
- (1) does not make an Election;
 - (2) does not make (and is not deemed to have made) a valid Election to receive Scrip Consideration in respect of that Scheme Shareholders' Scheme Shares; or
 - (3) makes or is deemed to make a valid Election (or otherwise validly elects or is deemed to have validly elected pursuant to clause 5.2(g)) to receive Cash Consideration in respect of that Scheme Shareholders' Scheme Shares (including Ineligible Foreign Shareholders in accordance with clause 5.2(e)(2)),

such amount of cash as is due to that Scheme Shareholder as Cash Consideration in accordance with clause 5.2.

- (d) The obligations of Prospa under clause 5.3(c) will be satisfied by Prospa (in its absolute discretion, and despite any election referred to in clause 5.3(d)(1) or authority referred to in clause 5.3(d)(2) made or given by the Scheme Shareholder):
- (1) if a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Prospa Registry to receive dividend payments from Prospa by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
 - (2) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Prospa; or
 - (3) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.5).
- (e) To the extent that, following satisfaction of Prospa's obligations under clause 5.3(b), there is a surplus in the amount held by Prospa as trustee for the Scheme Shareholders in the Trust Account, that surplus must be paid by Prospa to HoldCo.

5.4 Provision of Scrip Consideration

- (a) BidCo must procure that HoldCo will, and HoldCo agrees that it will, subject to the terms and conditions of the Scheme and clauses 5.4(d), 5.5, 5.6 and 5.8:
- (1) on or before the Implementation Date:
 - (A) issue the New HoldCo Shares to which each Scheme Shareholder who makes a valid Election, or is otherwise deemed to have validly elected, to receive Scrip Consideration is entitled under this clause 5, with such HoldCo Shares to be issued in the name of the Nominee for the benefit of the relevant Scheme Shareholder; and
 - (B) procure that the name and address of the Nominee is entered in the HoldCo Register in respect of those New HoldCo Shares (to hold as bare trustee for the relevant Scheme Shareholders as contemplated by clause 5.4(b) and the HoldCo Shareholders' Deed); and
 - (2) procure that on or before the date that is two Business Days after the Implementation Date, a share certificate is sent to the Nominee and a holding statement (or equivalent document) is sent to the Registered Address of each Scheme Shareholder for whose benefit New HoldCo Shares have been issued in accordance with clause 5.4(a) representing the number of New HoldCo Shares issued for the benefit of that Scheme Shareholder or Nominee (as applicable) pursuant to this Scheme.
- (b) Subject to clause 5.4(d), the New HoldCo Shares in respect of which a Scheme Shareholder is entitled under clause 5.4(a) must be issued to that Scheme Shareholder indirectly through the Nominee to be held as bare trustee for that Scheme Shareholder (such that the Scheme Shareholder will be the beneficial holder but not the legal holder of the relevant New HoldCo Shares).
- (c) A Scheme Shareholder who makes a valid Election, or is otherwise deemed to have validly elected, to receive Scrip Consideration may provide written notice to HoldCo prior to the Implementation Date directing HoldCo to issue the New HoldCo Shares that it is entitled to under this clause 5 directly to itself (such that the Scheme Shareholder will be the beneficial and legal holder of the relevant New HoldCo Shares) (**Direct Holding Notice**), provided that the relevant Scheme Shareholder would be entitled to direct the Nominee to transfer the relevant New HoldCo Shares into its name in accordance with clause 16.7(b) of the HoldCo Shareholders' Deed and clause 4.2 of the Nominee Deed if it were a party to those documents.
- (d) If HoldCo receives any valid Direct Holding Notices prior to the Implementation Date, BidCo must procure that HoldCo will, and HoldCo agrees that it will:
- (1) on or before the Implementation Date:
 - (A) issue the relevant New HoldCo Shares to each Scheme Shareholder who issues a valid Direct Holding Notice; and
 - (B) procure that the name and Registered Address of each Scheme Shareholder who issues a valid Direct Holding Notice is entered in the HoldCo Register in respect of the New HoldCo Shares issued to it; and
 - (2) procure that on or before the date that is two Business Days after the Implementation Date, a share certificate is sent to the Registered

Address of each Scheme Shareholder that issues a valid Direct Holding Notice representing the number of New HoldCo Shares issued to that Scheme Shareholder pursuant to this Scheme.

5.5 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 5.3(d), any Cash Consideration payable in respect of those Scheme Shares is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Prospa, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders;
- (b) any New HoldCo Shares to be issued under this Scheme must be issued to the Nominee for the benefit of, and so that the beneficial interest therein is recorded as being held in the names of the joint holders, with the New HoldCo Shares being issued to the Nominee to hold as bare trustee for the joint holders (as contemplated by clause 5.4(b)) in each case in the same order as the holder's names currently in the Prospa register and the joint holders will have joint beneficial ownership of the New HoldCo Shares unless the joint holders issue a valid Direct Holding Notice in which case the New HoldCo Shares will be issued directly to them in accordance with clause 5.4(d); and
- (c) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Prospa, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

5.6 Fractional entitlements

Where the calculation of the Cash Consideration or number of New HoldCo Shares to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent or New HoldCo Share, the fractional entitlement will be rounded down to the nearest whole cent or whole number of New HoldCo Shares, as applicable.

5.7 Unclaimed monies

- (a) Prospa may cancel a cheque issued under this clause 5 if the cheque:
 - (1) is returned to Prospa; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Prospa (or the Prospa Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Prospa must reissue a cheque that was previously cancelled under this clause 5.7.
- (c) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in sections 7 and 8 of the *Unclaimed Money Act 1995* (NSW)).
- (d) Any interest or other benefit accruing from unclaimed Scheme Consideration will be to the benefit of BidCo.



5.8 Orders of a court or Government Agency

If written notice is given to Prospa (or the Prospa Registry), BidCo or HoldCo (or the HoldCo Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Prospa in accordance with this clause 5, then Prospa shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
- (b) prevents Prospa from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Prospa shall be entitled to (as applicable):
 - (1) retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration; and
 - (2) direct HoldCo not to issue, or to issue to a trustee or nominee, such number of New HoldCo Shares as that Scheme Shareholder or Nominee (as applicable) would otherwise be entitled to under clause 5.4,

until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.

5.9 Status of New HoldCo Shares

Subject to this Scheme becoming Effective and the terms and conditions of this Scheme, BidCo must procure that HoldCo will, and HoldCo agrees that it will:

- (a) issue the New HoldCo Shares required to be issued by it under this Scheme on terms such that each such New HoldCo Share will rank equally in all respects with each existing HoldCo Share; and
- (b) ensure that each such New HoldCo Share is duly and validly issued in accordance with all applicable laws and HoldCo Constitution and the HoldCo Shareholders' Deed, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except as arising under the HoldCo Constitution, or the HoldCo Shareholders' Deed).

5.10 Withholding

If BidCo determines, having regard to legal or other professional advice, that BidCo is either:

- (a) required by law to:
 - (1) withhold any amount from a payment to a Scheme Shareholder; or
 - (2) not issue a security (or any securities) to a Scheme Shareholder; or
- (b) liable to pay an amount to the Commissioner of Taxation under section 14-200 of Schedule 1 to *Taxation Administration Act 1953* (Cth) (amounts required to be paid for CGT non-resident withholding) in respect of the acquisition of Scheme Shares from a Scheme Shareholder,



BidCo is entitled to:

- (c) withhold the relevant amount before making the payment to the Scheme Shareholder; or
- (d) not issue the relevant security (or securities) to the Scheme Shareholder until permitted to do so,

(and payment of the reduced amount or issue of the reduced number of securities shall be taken to be full payment of the relevant amount for the purposes of this Scheme, including clause 5.1).

BidCo must pay any amount (or issue any security) so withheld to the relevant taxation authority within the time permitted by law, and, if requested in writing by the relevant Scheme Shareholder, provide a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such payment (or issue of any security) to the relevant Scheme Shareholder.

6 Dealings in Prospa Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Prospa Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Prospa Shares before the Scheme Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received before the Scheme Record Date at the place where the Share Register is kept,

and Prospa must not accept for registration, nor recognise for any purpose (except a transfer to BidCo pursuant to this Scheme and any subsequent transfer by BidCo or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) Prospa must register registrable transmission applications or transfers of the Scheme Shares that are received in accordance with clause 6.1(b) before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Prospa to register a transfer that would result in a Prospa Shareholder holding a parcel of Prospa Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a) 'marketable parcel' has the meaning given in the Operating Rules).
- (b) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Prospa shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Prospa must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme

Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.

- (d) All statements of holding for Prospa Shares will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Prospa Shares relating to that entry.
- (e) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the first Business Day after the Scheme Record Date, Prospa will ensure that details of the names, Registered Addresses and holdings of Prospa Shares for each Scheme Shareholder as shown in the Share Register are available to HoldCo, BidCo and the Nominee in the form they reasonably require.

7 Quotation of Prospa Shares

- (a) Prospa must apply to ASX to suspend trading on the ASX in Prospa Shares with effect from the close of trading on the Effective Date (or such other date as Prospa, HoldCo and BidCo agree).
- (b) On a date after the Implementation Date to be determined by HoldCo, Prospa must apply:
 - (1) for termination of the official quotation of Prospa Shares on the ASX; and
 - (2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Prospa may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which HoldCo has consented; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Prospa has consented to in accordance with clause 8.1(a).

8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder irrevocably:
 - (1) agrees to the transfer of their Prospa Shares together with all rights and entitlements attaching to those Prospa Shares in accordance with this Scheme;
 - (2) agrees that the payment of the Scheme Consideration in accordance with clause 5 shall constitute full satisfaction of that Scheme Shareholder's entitlements under the Scheme;

- (3) agrees to the variation, cancellation or modification of the rights attached to their Prospa Shares constituted by or resulting from this Scheme;
 - (4) agrees to, on the direction of HoldCo, destroy any holding statements or share certificates relating to their Prospa Shares;
 - (5) to the extent they are to receive Scrip Consideration and they have not issued a valid Direct Holding Notice in accordance with clause 5.4(c), agrees to become a beneficial holder of HoldCo Shares (issued to the Nominee to hold as bare trustee for the Scheme Shareholder, as contemplated by clauses 5.4(a) and 5.4(b)) and to be bound by the terms of the Nominee Deed, the HoldCo Constitution and the HoldCo Shareholders' Deed;
 - (6) to the extent they are to receive Scrip Consideration and they have issued a valid Direct Holding Notice in accordance with clause 5.4(c), agrees to become the legal and beneficial holder of HoldCo Shares and to be bound by the terms of the HoldCo Constitution and the HoldCo Shareholders' Deed.
 - (7) who holds their Prospa Shares in a CHESS Holding agrees to the conversion of those Prospa Shares to an Issuer Sponsored Holding and irrevocably authorises Prospa to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion; and
 - (8) acknowledges and agrees that this Scheme binds Prospa and all Scheme Shareholders (including those who do not attend the Scheme Meeting, those who do not vote, or vote against this Scheme, at the Scheme Meeting).
- (b) Each Scheme Shareholder is taken to have warranted to Prospa and BidCo on the Implementation Date, and appointed and authorised Prospa as its attorney and agent to warrant to BidCo on the Implementation Date, that:
- (1) all their Prospa Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
 - (2) they have full power and capacity to transfer their Prospa Shares to BidCo together with any rights and entitlements attaching to those shares; and
 - (3) they have no existing right to be issued any Prospa Shares, options, performance rights, convertible notes or any other securities, other than the right to be issued Prospa Shares upon the exercise of Options and Performance Rights (as appropriate).

Prospa undertakes that it will provide each such warranty in clause 8.2(b) to BidCo as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to



BidCo will, at the time of transfer of them to BidCo vest in BidCo free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

- (b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 5.3 and 5.4, BidCo will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Prospa of BidCo in the Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 5.3 and 5.4, and until Prospa registers BidCo as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed BidCo as attorney and agent (and directed BidCo in each such capacity) to appoint any director, officer, secretary or agent nominated by BidCo as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;
- (b) must not 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 clause 8.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as BidCo reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), BidCo and any director, officer, secretary or agent nominated by BidCo under clause 8.4(a) may act in the best interests of BidCo as the intended registered holder of the Scheme Shares.

8.5 Authority given to Prospa

Each Scheme Shareholder, without the need for any further act:

- (a) on the Effective Date, irrevocably appoints Prospa and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against HoldCo and BidCo, and Prospa undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against HoldCo and BidCo on behalf of and as agent and attorney for each Scheme Shareholder; and
- (b) on the Implementation Date, irrevocably appoints Prospa and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing:
 - (1) the Scheme Transfer; and
 - (2) any deed or other document required by Prospa or HoldCo that causes each Scheme Shareholder entitled to Scrip Consideration



under this Scheme to be bound by the HoldCo Constitution, the HoldCo Shareholders' Deed and/or the Nominee Deed (as applicable),

and Prospa accepts each such appointment. Prospa as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

8.6 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Government Agency), all instructions, notifications or elections by a Scheme Shareholder to Prospa that are binding or deemed binding between the Scheme Shareholder and Prospa relating to Prospa or Prospa Shares, including instructions, notifications or elections relating to:

- (a) whether dividends are to be paid by cheque or into a specific bank account;
- (b) payments of dividends on Prospa Shares; and
- (c) notices or other communications from Prospa (including by email),

will be deemed from the Implementation Date (except to the extent determined otherwise by HoldCo in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to HoldCo and the Nominee (with any necessary modifications) and to be a binding instruction, notification or election to, and accepted by, HoldCo in respect of the New HoldCo Shares issued for the benefit of that Scheme Shareholder until that instruction, notification or election is revoked or amended in writing addressed to HoldCo at its registry.

8.7 Binding effect of Scheme

This Scheme binds Prospa and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Prospa.

9 General

9.1 Stamp duty

BidCo will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(a).



9.2 Consent

Each of the Scheme Shareholders consents to Prospa doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Prospa or otherwise.

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Prospa, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Prospa's registered office or at the office of the Prospa Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Prospa Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

- (a) This Scheme is governed by the laws in force in New South Wales.
- (b) The parties irrevocably submit to the exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

Prospa must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither Prospa, HoldCo nor BidCo nor any director, officer, secretary or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

Schedule 1

Definitions and interpretation

2 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
Aggregate Cash Consideration	The aggregate of all Cash Consideration payable to Scheme Shareholders under this Scheme (taking into account all valid Elections or deemed to be made by the Election Time and the terms of the Implementation Deed and this Scheme).
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
BidCo Group	HoldCo and each of its Subsidiaries and a reference to a BidCo Group Member or a member of the BidCo Group is to HoldCo or any of its Subsidiaries.
Business Day	a day that is not a Saturday, Sunday or public holiday or bank holiday in Sydney, Australia.
Cash Consideration	A\$0.45 cash for each Scheme Share held by a Scheme Shareholder.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
CHESS Holding	has the meaning given in the Settlement Rules.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).



Term	Meaning
Court	the Supreme Court of New South Wales, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by HoldCo, BidCo and Prospa.
Deed Poll	the deed poll substantially in the form of Attachment 1 under which HoldCo and BidCo covenant in favour of the Scheme Shareholders to perform the obligations attributed to HoldCo and BidCo under this Scheme.
Direct Holding Notice	has the meaning in clause 5.4(c)
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
Election	has the meaning in clause 5.2(a).
Election Form	the election form provided with the Scheme Booklet under which each Prospa Shareholder (other than an Ineligible Foreign Shareholder or Excluded Shareholder) is offered the opportunity to make an Election.
Election Time	7.00 pm on the date which is 2 Business Days prior to the Second Court Date, or such other date as agreed in writing between BidCo and Prospa.
End Date	30 November 2024 , or such other date as agreed in writing by HoldCo and Prospa.
Excluded Shareholder	has the meaning given in the Implementation Deed.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.

Term	Meaning
HoldCo	PGL HoldCo Limited ACN 673 816 816 of C/- Ironbridge, Level 32, 264-278 George Street, Sydney NSW 2000.
HoldCo Constitution	has the meaning given in the Implementation Deed.
HoldCo Register	the register of shareholders maintained by HoldCo or its agent.
HoldCo Registry	a professional share registry appointed by HoldCo.
HoldCo Share	a fully paid ordinary share in HoldCo (each having the rights set out in the HoldCo Constitution).
HoldCo Shareholders' Deed	has the meaning given in the Implementation Deed.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as agreed in writing by Prospa and HoldCo or is ordered by the Court or required by ASX.
Implementation Deed	the scheme implementation deed dated 26 February 2024 between Prospa and BidCo and HoldCo relating to the implementation of this Scheme.
Ineligible Foreign Shareholder	A Scheme Shareholder whose address shown in the Share Register on the Scheme Record Date is a place outside Australia and New Zealand, unless HoldCo determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New HoldCo Shares when this Scheme becomes Effective.
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
Listing Rules	the official listing rules of ASX.
New HoldCo Shares	HoldCo Shares to be issued to Scheme Shareholders who elect to receive Scrip Consideration under this Scheme and New HoldCo Share means any such share.



Term	Meaning
Nominee	has the meaning given in the HoldCo Shareholders' Deed.
Nominee Deed	has the meaning given in the Implementation Deed.
OpCo Contribution	has the meaning given in clause 5.4(a) of the Implementation Deed.
Operating Rules	the official operating rules of ASX.
Option	an option to acquire a Prospa Share granted under the Prospa Equity Incentive Plan.
Performance Right	a right granted by Prospa over a Prospa Share under the Prospa Equity Incentive Plan.
Prospa	Prospa Group Limited ABN 13 625 648 722.
Prospa Equity Incentive Plan	the equity incentive plan pursuant to which Prospa has issued Options and Performance Rights.
Prospa OpCo Facility Agreement	has the meaning given in the Implementation Deed.
Prospa Registry	Link Market Services Limited ABN 54 083 214 537.
Prospa Share	a fully paid ordinary share in the capital of Prospa.
Prospa Shareholder	each person who is registered as the holder of a Prospa Share in the Share Register.
Registered Address	in relation to a Prospa Shareholder, the address shown in the Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Prospa and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Prospa and BidCo.



Term	Meaning
Scheme Booklet	the scheme booklet published by Prospa and dated on or around 12 June 2024.
Scheme Condition Subsequent	has the meaning given in clause 4.3 of this Scheme.
Scheme Consideration	for each Prospa Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of: <ol style="list-style-type: none">1 the Cash Consideration; or2 the Scrip Consideration, subject to the terms and conditions of this Scheme.
Scheme Meeting	the meeting of the Prospa Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on the second Business Day after the Effective Date or such other time and date as the parties agree in writing or is ordered by the Court or required by ASX.
Scheme Shares	all Prospa Shares held by the Scheme Shareholders as at the Scheme Record Date, and for the avoidance of doubt, does not include any Prospa Share held by any Excluded Shareholder as at the Scheme Record Date.
Scheme Shareholder	a holder of Prospa Shares recorded in the Share Register as at the Scheme Record Date, other than any Excluded Shareholder.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of BidCo as transferee, which may be a master transfer of all or part of the Scheme Shares.
Scrip Consideration	1 New HoldCo Share for every 1 Scheme Share held by Scheme Shareholders electing to receive Scrip Consideration in respect of that Scheme in accordance with clause 4.6 of the Implementation Deed and this Scheme.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this

Term	Meaning
	Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Settlement Rules	the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
Share Register	the register of members of Prospa maintained by Prospa or the Prospa Registry in accordance with the Corporations Act.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Trust Account	has the meaning given in the Implementation Deed.

3 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, Australia;



- (k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Scheme;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;
- (n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (o) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (q) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (r) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and
- (s) a reference to the Listing Rules, Operating Rules or the Settlement Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

4 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

5 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.



Attachment 1

Deed Poll

[Attached]

Annexure 3 – Deed Poll



HERBERT
SMITH
FREEHILLS

Deed

Share Scheme Deed Poll

HoldCo

BidCo

Prospa



Share Scheme Deed Poll

Date ► 6 June 2024

This deed poll is made

By PGL HoldCo Limited ACN 673 816 816 of C/- Ironbridge, Level 32,
264-278 George Street, Sydney NSW 2000
(HoldCo)
Salkbridge Pty Ltd ACN 675 264 356 of C/- Ironbridge, Level 32,
264-278 George Street, Sydney NSW 2000
(BidCo)
and
Prospa Group Limited ABN 13 625 648 722 of Level 1, 4-16
Yurong Street, Darlinghurst NSW 2000
(Prospa)

in favour of each person registered as a holder of fully paid ordinary shares in
Prospa in the Share Register as at the Scheme Record Date.

Recitals

- 1 Prospa, BidCo and HoldCo entered into the Implementation Deed.
- 2 In the Implementation Deed, HoldCo, BidCo and Prospa agreed to make this deed poll.
- 3 HoldCo, BidCo and Prospa are making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform their obligations under the Implementation Deed and the Scheme.

This deed poll provides as follows:



1 Definitions and interpretation

1.1 Definitions

- (a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Implementation Deed	the scheme implementation deed entered into between Prospa, BidCo and HoldCo dated 26 February 2024.
OpCo Contribution	has the meaning given in clause 5.4(a) of the Implementation Deed.
Prospa	Prospa Group Limited ABN 13 625 648 722.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Prospa and the Scheme Shareholders, substantially in the form set out in Attachment 1, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by BidCo and Prospa.

- (b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Sections 2, 3 and 4 of Schedule 1 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

HoldCo and BidCo acknowledge that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Prospa and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against HoldCo and BidCo.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of HoldCo, BidCo and Prospa under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of HoldCo, BidCo and Prospa under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms;
- (b) the Scheme is not Effective on or before the End Date; or
- (c) the Scheme Condition Subsequent is not satisfied and BidCo does not waive such non-satisfaction by notice in writing to Prospa on or before the date that is 3 Business Days after the Scheme Record Date,

unless HoldCo, BidCo and Prospa otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) HoldCo, BidCo and Prospa are released from their obligations to further perform this deed poll except those obligations under clause 7.1; and
- (b) each Scheme Shareholder retains the rights they have against HoldCo, BidCo and Prospa in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to provide Scheme Consideration and perform other actions

Subject to clause 2:

- (a) each of HoldCo and BidCo undertakes in favour of each Scheme Shareholder to:
 - (1) provide, or procure the provision of, Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme by:
 - (A) in relation to the Cash Consideration, by no later than the Business Day before the Implementation Date, depositing, or procuring the depositing of, an amount equal to the aggregate amount of the Cash Consideration payable to all Scheme Shareholders less the OpCo Contribution under the

- Scheme into the Trust Account, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to HoldCo's account; and
- (B) in relation to the Scrip Consideration, on the Implementation Date, issuing, or procuring the issue of, the Scrip Consideration to the Nominee for the benefit of each Scheme Shareholder entitled to receive the Scrip Consideration; and
- (2) undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme; and
- (b) Prospa undertakes in favour of each Scheme Shareholder to:
- (1) deposit, or procure the deposit, in cleared funds an amount equal to the OpCo Contribution into the Trust Account, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to HoldCo's account; and
- (2) undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme,
- subject to and in accordance with the terms of the Scheme.

3.2 Shares to rank equally

HoldCo covenants in favour of each Scheme Shareholder that the New HoldCo Shares which are issued for the benefit of each Scheme Shareholder in accordance with the Scheme will:

- (a) rank equally with all existing HoldCo Shares and will have the same rights set out in the HoldCo Constitution and the HoldCo Shareholders' Deed; and
- (b) be issued fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except as arising under the HoldCo Constitution, or the HoldCo Shareholders' Deed).

4 Warranties

Each of HoldCo, BidCo and Prospa represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.



5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) HoldCo, BidCo and Prospa have fully performed their obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to HoldCo, BidCo and Prospa in accordance with the details set out below (or any alternative details nominated by HoldCo, BidCo and Prospa by Notice).

Name	Attention	Address	Email
Prospa	Company Secretary	4-16 Yurong Street Darlinghurst NSW 2000	legal@prospa.com
BidCo	Greg Ruddock (Company Secretary)	C/- Ironbridge Level 32 264-278 George Street Sydney NSW 2000	gruddock@ironbridge.com.au
HoldCo	Greg Ruddock (Company Secretary)	C/- Ironbridge Level 32 264-278 George Street Sydney NSW 2000	gruddock@ironbridge.com.au

6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.



Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By email to the nominated email address	The first to occur of: <ol style="list-style-type: none">1 the sender receiving an automated message confirming delivery; or2 two hours after the time that the email was sent (as recorded on the device from which the email was sent) provided that the sender does not, within the period, receive an automated message that the email has not been delivered.

6.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than email as permitted in clause 6.2).

7 General

7.1 Stamp duty

BidCo:

- (a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under or in connection with the Scheme and this deed poll; and
- (b) indemnifies each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in New South Wales, Australia.
- (b) HoldCo, BidCo and Prospa irrevocably submit to the exclusive jurisdiction of courts exercising jurisdiction in New South Wales, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. HoldCo, BidCo and Prospa irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.



7.3 Waiver

- (a) HoldCo, BidCo and Prospa may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) No Scheme Shareholder may rely on words or conduct of HoldCo, BidCo or Prospa as a waiver of any right unless the waiver is in writing and signed by HoldCo, BidCo, or Prospa as appropriate.
- (c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.4 Variation

A provision of this deed poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by Prospa in writing; or
- (b) if on or after the First Court Date, the variation is agreed to by Prospa in writing and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event HoldCo, BidCo and Prospa will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of HoldCo, BidCo, Prospa and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

- (a) The rights created by this deed poll are personal to HoldCo, BidCo, Prospa and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of HoldCo, BidCo and Prospa.
- (b) Any purported dealing in contravention of clause 7.6(a) is invalid.

7.7 Joint and several obligations

HoldCo and BidCo are jointly and severally liable for each obligation imposed on both of them by the terms of this deed poll.



7.8 Further action

HoldCo, BidCo and Prospa must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.



Attachment 1

Scheme

[Attached]

Annexure 4 – HoldCo Constitution

Constitution for PGL HoldCo Limited

(Company)

ACN 673 816 816

Amended and restated on 29 April 2024

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Constitution

1. PRELIMINARY

1.1 Definitions and interpretation

(a) The meanings of the terms used in this constitution are set out below.

Term	Meaning
Act	<i>Corporations Act 2001 (Cth).</i>
AGM	an annual general meeting of the Company that the Act requires to be held.
Board	the directors for the time being of the Company or those of them who are present at a meeting at which there is a quorum.
Business Day	means a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Sydney, New South Wales.
Company	PGL HoldCo Limited ACN 673 816 816
Constitution	means this constitution of the Company
Financial Year	each 12 month period commencing 1 July and ending 30 June.
Record Time	<ol style="list-style-type: none">1 in the case of a meeting for which the caller of the meeting has decided, under the Act, that shares are to be taken to be held by the persons who held them at a specified time before the meeting, that time; and2 in any other case, 48 hours before the relevant meeting, or, if this time would fall on a trading day, 7.00pm (Sydney time) on that day.
Representative	in relation to a member that is a body corporate means a person authorised in accordance with the Act (or a corresponding previous law) by the body corporate to act as its representative at the meeting.
Seal	any common seal, duplicate seal or certificate seal of the Company.

Term	Meaning
Shareholders' Deed	means a shareholders' deed or agreement between the Company and its members from time to time (amongst potentially others).
Transmission Event	<ol style="list-style-type: none"> 1 for a member who is an individual – the member's death, the member's bankruptcy, or a member becoming of unsound mind, or a person who, or whose estate, is liable to be dealt with in any way under the laws relating to mental health; and 2 for a member who is a body corporate – the dissolution of the member or the succession by another body corporate to the assets and liabilities of the member.
URL	Uniform Resource Locator, the address that specifies the location of a file on the internet.
(b)	A reference in this constitution to a partly paid share is a reference to a share on which there is an amount unpaid.
(c)	A reference in this constitution to an amount unpaid on a share includes a reference to any amount of the issue price which is unpaid.
(d)	A reference in this constitution to a call or an amount called on a share includes a reference to a sum that, by the terms of issue of a share, becomes payable on issue or at a fixed date.
(e)	A reference in this constitution to a member for the purposes of a meeting of members is a reference to a registered holder of shares as at the relevant Record Time.
(f)	A reference in this constitution to a member present at a general meeting is a reference to a member present in person or by proxy, attorney or Representative or, except in any rule that specifies a quorum or except in any rule prescribed by the Board, a member who has duly lodged a valid direct vote in relation to the general meeting under rule 6.8.
(g)	A chairperson or deputy chairperson appointed under this constitution may be referred to as chairman or chairwoman, or deputy chairman or chairwoman, or as chair, if applicable.
(h)	A reference in this constitution to a person holding or occupying a particular office or position is a reference to any person who occupies or performs the duties of that office or position.
(i)	A reference to a document being 'signed' or to 'signature' includes that document being executed under hand or under seal or by any other method and, in the case of a communication in electronic form, includes the document being authenticated in accordance with the Act or any other method approved by the Board.
(j)	Unless the contrary intention appears, in this constitution: <ol style="list-style-type: none"> (1) the singular includes the plural and the plural includes the singular; (2) words that refer to any gender include all genders; (3) words used to refer to persons generally or to refer to a natural person include a body corporate, body politic, partnership, joint venture, association, board, group or other body (whether or not the body is incorporated);

- (4) a reference to a person includes that person's successors and legal personal representatives;
 - (5) a reference to a statute or regulation, or a provision of any of them includes all statutes, regulations or provisions amending, consolidating or replacing them, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute; and
 - (6) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (k) Specifying anything in this constitution after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included unless there is express wording to the contrary.
 - (l) In this constitution, headings and bold type are only for convenience and do not affect the meaning of this constitution.

1.2 Application of the Act

- (a) The rules that apply as replaceable rules to companies under the Act do not apply to the Company except so far as they are repeated in this constitution.
- (b) Unless the contrary intention appears a word or expression defined or given a meaning in the Act has the same meaning when used in this constitution in a similar context.

1.3 Exercising powers

- (a) The Company may, in any way the Act permits:
 - (1) exercise any power;
 - (2) take any action; or
 - (3) engage in any conduct or procedure,which, under the Act a Company limited by shares may exercise, take or engage in.
- (b) Where this constitution provides that a person 'may' do a particular act or thing, the act or thing may be done at the person's discretion.
- (c) Where this constitution confers a power to do a particular act or thing, the power is, unless the contrary intention appears, to be taken as including a power exercisable in the same way and subject to the same conditions (if any) to repeal, rescind, revoke, amend or vary that act or thing.
- (d) Where this constitution confers a power to do a particular act or thing, the power may be exercised from time to time and may be exercised subject to conditions.
- (e) Where this constitution confers a power to do a particular act or thing concerning particular matters, the power is, unless the contrary intention appears, to be taken to include a power to do that act or thing as to only some of those matters or as to a particular class of those matters, and to make different provision concerning different matters or different classes of matters.
- (f) Where this constitution confers a power to make appointments to an office or position (except the power to appoint a director under rule 7.1(b)), the power is, unless the contrary intention appears, to be taken to include a power:
 - (1) to appoint a person to act in the office or position until a person is formally appointed to the office or position;

- (2) to remove or suspend any person appointed (without prejudice to any rights or obligations under any contract between the person and the Company); and
 - (3) to appoint another person temporarily in the place of any person removed or suspended or in the place of any sick or absent holder of the office or position.
- (g) Where this constitution gives power to a person to delegate a function or power:
- (1) the delegation may be concurrent with, or (except in the case of a delegation by the Board) to the exclusion of, the performance or exercise of that function or power by the person;
 - (2) the delegation may be either general or limited in any way provided in the terms of delegation;
 - (3) the delegation need not be to a specified person but may be to any person holding, occupying or performing the duties of a specified office or position;
 - (4) the delegation may include the power to delegate; and
 - (5) where performing or exercising that function or power depends on that person's opinion, belief or state of mind about a matter, that function or power may be performed or exercised by the delegate on the delegate's opinion, belief or state of mind about that matter.

1.4 Currency

Any amount payable to the holder of a share, whether in relation to dividends, repayment of capital, participation in surplus property of the Company or otherwise, may, with the agreement of the holder or under the terms of issue of the share, be paid in the currency of a country other than Australia. The Board may fix a time on or before the payment date as the time at which the applicable exchange rate will be determined for that purpose.

1.5 Transitional provisions

This constitution must be interpreted in such a way that:

- (a) every director, chief executive officer, managing director and secretary in office in that capacity immediately before this constitution is adopted continues in office subject to, and is taken to have been appointed or elected under, this constitution;
- (b) any register maintained by the Company immediately before this constitution is adopted is taken to be a register maintained under this constitution;
- (c) any Seal adopted by the Company as a Seal immediately before this constitution is adopted is taken to be a Seal which the Company has under a relevant authority given by this constitution;
- (d) unless a contrary intention appears in this constitution, all persons, things, agreements and circumstances appointed, approved or created by or under the constitution of the Company in force before this constitution is adopted continue to have the same status, operation and effect after this constitution is adopted.

1.6 Relationship between constitution and Shareholders' Deed

- (a) Upon a Shareholders' Deed becoming effective in accordance with its terms, this constitution has effect subject to the terms of the Shareholders' Deed. To the extent that this constitution and the Shareholders' Deed deal with the same or a similar topic differently:

- (1) the Shareholders' Deed prevails in relation to that topic and the remainder of this constitution will continue to apply to the extent that it is not inconsistent with the terms of the Shareholders' Deed, including but not limited to the following circumstances:
 - (A) if the Shareholders' Deed expressly prescribed a particular procedure, formality, requirement or similar in relation to a matter contemplated by this constitution (such as the number of Directors required to form a quorum for a Board meeting or the quorum requirements for a member's meeting) or which is otherwise within the power of the Directors of the Company, this constitution shall also be taken to prescribe that same procedure, formality, requirement or similar to the exclusion (where applicable) of any inconsistent procedure, formality, requirement or similar set out in this constitution; and
 - (B) if the Shareholders' Deed expressly dispenses with a particular procedure, formality, requirement or similar in relation to a matter contemplated by this constitution or which is otherwise within the power of the Directors of the Company, this constitution must be read as if the relevant procedure, formality, requirement or similar did not apply; and

if this constitution and the Shareholders' Deed require an action to be taken, including obtaining an approval or consent, at different standards of performance or other relevant thresholds, the standard of performance or other relevant threshold in the Shareholders' Deed (and not this constitution) must be complied with; and
- (2) if requested by the Company, the members must do everything within their power to amend this constitution to remove any such difference and the Company, each director and each member must comply with the prevailing terms of the Shareholders' Deed as if incorporated in this constitution.

1.7 Director acting in compliance with Shareholders' Deed

Where rule 1.6 applies, and a director acts in accordance with the Shareholders' Deed:

- (a) the fact that the director has acted in accordance with the Shareholders' Deed:
 - (1) is taken to be an act that is in the best interests of the Company as a whole; and
 - (2) is not taken to be a breach of any duty owned by that director to the Company or a breach of this constitution;
- (b) neither the Company nor the members may take any steps to pursue the director for a breach of duty if the only basis for the breach is conduct permitted by this rule 1.7; and
- (c) if, notwithstanding rule 1.7(a), the conduct is a breach of duty or a breach of this constitution, to the extent permitted by law, each member must take all steps necessary to:
 - (1) consent to, excuse, ratify or authorise the breach; and
 - (2) otherwise release the director from any liability arising from the breach of duty or this constitution.

2. SHARE CAPITAL

2.1 Shares

- (a) Subject to this constitution, the Board may:
 - (1) issue, allot or otherwise grant or dispose of, shares or options for shares in the Company; and
 - (2) decide:
 - (A) the persons to whom shares are issued or options are granted;
 - (B) the terms on which shares are issued or options are granted; and
 - (C) the rights and restrictions attached to those shares or options.
- (b) Shares referred to in rule 2.1(a)(1) may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise, as the directors think fit.
- (c) This rule must not be construed so as to adversely affect any special rights of holders of any shares or class of shares.

2.2 Preference shares

- (a) The Company may issue preference shares including preference shares which are, or at the option of the Company or holder are, liable to be redeemed or convertible into ordinary shares.
- (b) Each preference share confers on the holder a right to receive a preferential dividend, in priority to the payment of any dividend on the ordinary shares, at the rate, which may be fixed or variable, and on the basis decided by the Board under the terms of issue.
- (c) In addition to the preferential dividend and rights on winding up, each preference share may participate with the ordinary shares in profits and assets of the Company, including on a winding up, if and to the extent the Board decides under the terms of issue.
- (d) The preferential dividend may be cumulative only if and to the extent the Board decides under the terms of issue, and will otherwise be non-cumulative.
- (e) Each preference share confers on its holder the right in a winding up and on redemption to payment in priority to the ordinary shares of:
 - (1) the amount of any dividend accrued but unpaid on the share at the date of winding up or the date of redemption; and
 - (2) any additional amount specified in the terms of issue.
- (f) To the extent the Board may decide under the terms of issue, a preference share may confer a right to a bonus issue or capitalisation of profits in favour of holders of those shares only.
- (g) A preference share does not confer on its holder any right to participate in the profits or assets of the Company except as set out above.
- (h) A preference share does not entitle its holder to vote at any general meeting of the Company except in the following circumstances:
 - (1) during a period in which a dividend or part of a dividend on the share is in arrears;
 - (2) on a proposal to reduce the share capital of the Company;

- (3) on a resolution to approve the terms of a buy back agreement;
 - (4) on a proposal that affects rights attached to the preference share;
 - (5) on a proposal to wind up the Company;
 - (6) on a proposal for the disposal of the whole of the property, business and undertaking of the Company; or
 - (7) during the winding up of the Company.
- (i) The holder of a preference share who is entitled to vote in respect of that share under rule 2.2(h) is, on a poll, entitled to the greater of one vote per share or such other number of votes specified in, or determined in accordance with, the terms of issue for the share.
 - (j) In the case of a redeemable preference share, the Company must, at the time and place for redemption specified in, or determined in accordance with, the terms of issue for the share, redeem the share and, on receiving a redemption request under the terms of issue, pay to or at the direction of the holder the amount payable on redemption of the share.
 - (k) A holder of a preference share must not transfer or purport to transfer, and the Board must not register a transfer of, the share if the transfer would contravene any restrictions on the right to transfer the share set out in the terms of issue for the share.

2.3 Alteration of share capital

Subject to the Act, the Board may do anything required to give effect to any resolution altering the Company's share capital, including, where a member becomes entitled to a fraction of a share on a consolidation, by:

- (a) making cash payments;
- (b) determining that fractions may be disregarded to adjust the rights of all members;
- (c) appointing a trustee to deal with any fractions on behalf of members; and
- (d) rounding (or rounding up) each fractional entitlement to the nearest whole share.

2.4 Conversion or reclassification of shares

Subject to rule 2.5, the Company may by resolution convert or reclassify shares from one class to another. Unless otherwise provided in the relevant resolution, any conversion or reclassification will occur by way of a variation of the rights attaching to the shares (and will not cause the cancellation of any existing share or the issue of any new share).

2.5 Variation of class rights

- (a) The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:
 - (1) with the written consent of the holders of 75% of the shares of the class; or
 - (2) by a special resolution passed at a separate meeting of the holders of shares of the class.
- (b) The provisions of this constitution relating to general meetings apply, with necessary changes, to separate class meetings as if they were general meetings.
- (c) The rights conferred on the holders of any class of shares are to be taken as not having been varied by the creation or issue of further shares ranking equally with them.

2.6 Joint holders of shares

Where 2 or more persons are registered as the holders of a share, they hold it as joint tenants with rights of survivorship, on the following conditions:

- (a) they are liable individually as well as jointly for all payments, including calls, in respect of the share;
- (b) subject to rule 2.6(a), on the death of any one of them the survivor is the only person the Company will recognise as having any title to the share;
- (c) any one of them may give effective receipts for any dividend, bonus, interest or other distribution or payment in respect of the share;
- (d) where the Act or a Shareholders' Deed requires the number of members to be counted, they are to be counted as one member;
- (e) the Company is not bound to issue more than one certificate for the share and delivery of a certificate to any one of those persons is sufficient delivery to all of them; and
- (f) except where persons are jointly entitled to a share because of a Transmission Event, the Company may, but is not required to, register more than 3 persons as joint holders of the share.

2.7 Equitable and other claims

- (a) The Company may treat the registered holder of a share as the absolute owner of that share and need not:
 - (1) recognise a person as holding a share on trust, even if the Company has notice of a trust; or
 - (2) recognise, or be bound by, any equitable, contingent, future or partial claim to or interest in a share by any other person, except an absolute right of ownership in the registered holder, even if the Company has notice of that claim or interest.
- (b) Without in any way limiting rule 2.7(a), shares held by a trustee may be marked in the register in such a way as to identify them as being held subject to the relevant trust.

3. CALLS, FORFEITURE, INDEMNITIES, LIEN AND SURRENDER

3.1 Calls

- (a) Subject to the terms on which any shares are issued, the Board may:
 - (1) make calls on the members for any amount unpaid on their shares which is not by the terms of issue of those shares made payable at fixed times; and
 - (2) on the issue of shares, differentiate between members as to the amount of calls to be paid and the time for payment.
- (b) The Board may require a call to be paid by instalments.
- (c) The Board must send members notice of a call at least 14 days before the amount called is due, specifying the amount of the call, the time for payment and the manner in which payment must be made.
- (d) Each member must pay the amount called to the Company by the time and in the manner specified for payment.
- (e) A call is taken to have been made when the resolution of the Board authorising the call is passed.

- (f) The Board may revoke or postpone a call or extend the time for payment.
- (g) A call is valid even if a member for any reason does not receive notice of the call.
- (h) If an amount called on a share is not paid in full by the time specified for payment, the person who owes the amount must pay:
 - (1) interest on the unpaid part of the amount from the date payment is due to the date payment is made, at a rate determined under rule 3.9; and
 - (2) any costs, expenses or damages the Company incurs due to the failure to pay or late payment.
- (i) Any amount unpaid on a share that, by the terms of issue of the share, becomes payable on issue or at a fixed date:
 - (1) is treated for the purposes of this constitution as if that amount were payable under a call duly made and notified; and
 - (2) must be paid on the date on which it is payable under the terms of issue of the share.
- (j) The Board may, to the extent the law permits, waive or compromise all or part of any payment due to the Company under the terms of issue of a share or under this rule 3.1.

3.2 Proceedings to recover calls

- (a) In a proceeding to recover a call, or an amount payable due to the failure to pay or late payment of a call, proof that:
 - (1) the name of the defendant is entered in the register as the holder or one of the holders of the share on which the call is claimed;
 - (2) the resolution making the call is recorded in the minute book; and
 - (3) notice of the call was given to the defendant complying with this constitution,

is conclusive evidence of the obligation to pay the call and it is not necessary to prove the appointment of the Board who made the call or any other matter.

- (b) In rule 3.2(a), defendant includes a person against whom the Company alleges a set off or counterclaim, and a proceeding to recover a call or an amount is to be interpreted accordingly.

3.3 Payments in advance of calls

- (a) The Board may accept from a member the whole or a part of the amount unpaid on a share even though no part of that amount has been called.
- (b) The Board may authorise payment by the Company of interest on an amount accepted under rule 3.3(a), until the amount becomes payable, at a rate agreed between the Board and the member paying the amount.
- (c) The Board may repay to a member any amount accepted under rule 3.3(a).

3.4 Forfeiting partly paid shares

- (a) If a member fails to pay the whole of a call or an instalment of a call by the time specified for payment, the Board may serve a notice on that member:
 - (1) requiring payment of the unpaid part of the call or instalment, together with any interest that has accrued and all costs, expenses or damages that the Company has incurred due to the failure to pay;

- (2) specifying a further time (at least 14 days after the date of the notice) by which, and the manner in which, the amount payable under rule 3.4(a)(1) must be paid; and
 - (3) stating that if the whole of the amount payable under rule 3.4(a)(1) is not paid by the time and in the manner specified, the shares on which the call was made will be liable to be forfeited.
- (b) If a member does not comply with a notice served under rule 3.4(a), the Board may by resolution forfeit any share concerning which the notice was given at any time after the day named in the notice and before the payment required by the notice is made.
 - (c) A forfeiture under rule 3.4(b) includes all dividends, interest and other amounts payable by the Company on the forfeited share and not actually paid before the forfeiture.
 - (d) Where a share has been forfeited:
 - (1) notice of the resolution must be given to the member in whose name the share stood immediately before the forfeiture; and
 - (2) an entry of the forfeiture, with the date, must be made in the register of members.
 - (e) Failure to give the notice or to make the entry required under rule 3.4(d) does not invalidate the forfeiture.
 - (f) A forfeited share becomes the property of the Company and the Board may sell, reissue or otherwise dispose of the share as it thinks fit and, in the case of reissue or other disposal, with or without crediting as paid up any amount paid on the share by any former holder.
 - (g) A person whose shares have been forfeited ceases to be a member as to the forfeited shares, but must, unless the Board decides otherwise, pay to the Company:
 - (1) all calls, instalments, interest, costs, expenses and damages owing on the shares at the time of the forfeiture; and
 - (2) interest on the unpaid part of the amount payable under rule 3.4(g)(1), from the date of the forfeiture to the date of payment, at a rate determined under rule 3.9.
 - (h) The forfeiture of a share extinguishes all interest in, and all claims and demands against the Company relating to, the forfeited share and, subject to rule 3.8(h) all other rights attached to the share.
 - (i) The Board may:
 - (1) exempt a share from all or part of this rule 3.4;
 - (2) waive or compromise all or part of any payment due to the Company under this rule 3.4; and
 - (3) before a forfeited share has been sold, reissued or otherwise disposed of, cancel the forfeiture on the conditions it decides.

3.5 Members' indemnity

- (a) If the Company becomes liable for any reason under a law to make a payment:
 - (1) in respect of shares held solely or jointly by a member;
 - (2) in respect of a transfer or transmission of shares by a member;
 - (3) in respect of dividends, bonuses or other amounts due or payable or which may become due and payable to a member;

- (4) in respect of the non payment of any income tax, capital gains tax, wealth tax or other tax by that member or the legal personal representative of that member;
 - (5) in respect of the non payment of any estate, probate, succession, death, stamp or other duty by that member or the legal personal representative of that member; or
 - (6) in any other way for, on account of or relating to a member,
- rules 3.5(b) and 3.5(c) apply, in addition to any right or remedy the Company may otherwise have.
- (b) The member, or if the member is dead, the member's legal personal representative must:
 - (1) fully indemnify the Company against that liability;
 - (2) on demand reimburse the Company for any payment made; and
 - (3) pay interest on the unpaid part of the amount payable to the Company under rule 3.5(b)(2), from the date of demand until the date the Company is reimbursed in full for that payment, at a rate determined under rule 3.9.
 - (c) The Board may:
 - (1) exempt a share from all or part of this rule 3.5; and
 - (2) waive or compromise all or part of any payment due to the Company under this rule 3.5.
 - (d) The Company has a lien over all dividends, interest and other amounts payable in respect of the shares held solely or jointly by that member or that member's legal personal representative for all amounts payable to the Company under this rule 3.5;
 - (e) The Company may refuse to register a transfer of any shares by or to that member or that member's legal personal representative until all amounts payable to the Company under this rule 3.5 have been paid.

3.6 Lien on shares

- (a) The Company has a first lien on:
 - (1) each partly paid share for all unpaid calls and instalments due on that share; and
 - (2) each share for any amounts the Company is required by law to pay and has paid in respect of that share.

In each case the lien extends to reasonable interest and expenses incurred because the amount is not paid.
- (b) The Company's lien on a share extends to all dividends payable on the share and to the proceeds of sale of the share.
- (c) The Board may sell a share on which the Company has a lien as it thinks fit where:
 - (1) an amount for which a lien exists under this rule 3.6 is presently payable; and
 - (2) the Company has given the registered holder a written notice, at least 14 days before the date of the sale, stating and demanding payment of that amount.
- (d) When the Company registers a transfer of shares on which the Company has a lien without giving the transferee notice of its claim, the Company's lien is released so far as it relates to amounts owing by the transferor or any predecessor in title.

- (e) The Board may:
 - (1) exempt a share from all or part of this rule 3.6; and
 - (2) waive or compromise all or part of any payment due to the Company under this rule 3.6.

3.7 Surrender of shares

- (a) The Board may accept a surrender of a share by way of compromise of a claim.
- (b) Any share so surrendered may be sold, reissued or otherwise disposed of in the same manner as a forfeited share.

3.8 Sale, reissue or other disposal of shares by the Company

- (a) A reference in this rule 3.8 to a sale of a share by the Company is a reference to any sale, reissue or other disposal of a share under rule 3.4(f) or, rule 3.6(c)
- (b) When the Company sells a share, the Board may:
 - (1) receive the purchase money or consideration given for the share;
 - (2) effect a transfer of the share or execute or appoint a person to execute, on behalf of the former holder, a transfer of the share; and
 - (3) register as the holder of the share the person to whom the share is sold.
- (c) A person to whom the Company sells shares need not take any steps to investigate the regularity or validity of the sale, or to see how the purchase money or consideration on the sale is applied. That person's title to the shares is not affected by any irregularity by the Company in relation to the sale. A sale of the share by the Company is valid even if a Transmission Event occurs to the member before the sale.
- (d) The only remedy of a person who suffers a loss because of a sale of a share by the Company is a claim for damages against the Company.
- (e) The proceeds of a sale of shares by the Company must be applied in paying:
 - (1) first, the expenses of the sale;
 - (2) secondly, all amounts payable (whether presently or not) by the former holder to the Company,and any balance must be paid to the former holder on the former holder delivering to the Company proof of title to the shares acceptable to the Board.
- (f) Until the proceeds of a sale of a share sold by the Company are claimed or otherwise disposed of according to law, the Board may invest or use the proceeds in any other way for the benefit of the Company.
- (g) The Company is not required to pay interest on money payable to a former holder under this rule 3.8.
- (h) On completion of a sale, reissue or other disposal of a share under rule 3.4(f), the rights which attach to the share which were extinguished under rule 3.4(h) revive.
- (i) A written statement by a director or secretary of the Company that a share in the Company has been:
 - (1) duly forfeited under rule 3.4(b);
 - (2) duly sold, reissued or otherwise disposed of under rule 3.4(f); or
 - (3) duly sold under rule 3.6(c),

on a date stated in the statement is conclusive evidence of the facts stated as against all persons claiming to be entitled to the share, and of the right of the Company to forfeit, sell, reissue or otherwise dispose of the share.

3.9 Interest payable by member

- (a) For the purposes of rules 3.1(h)(1), 3.4(g)(1) and 3.5(b)(3), the rate of interest payable to the Company is:
 - (1) if the Board has fixed a rate, that rate; or
 - (2) in any other case, a rate per annum 2% higher than the rate prescribed in respect of unpaid judgments in the Supreme Court of the state or territory in which the Company is registered.
- (b) Interest accrues daily and may be capitalised monthly or at such other intervals the Board decides.

4. DISTRIBUTIONS

4.1 Dividends

- (a) The Board may:
 - (1) pay any dividends that, in its judgment, the financial position of the Company justifies;
 - (2) rescind a decision to pay a dividend if it decides, before the payment date, that the Company's financial position no longer justifies the payment; and
 - (3) pay any dividend required to be paid under the terms of issue of a share, provided that any decision in relation to dividend policy, including payment of any dividend, must be made with the unanimous approval of all directors (except as provided for in the Shareholders' Deed).
- (b) Paying a dividend does not require confirmation at a general meeting.
- (c) Subject to any rights or restrictions attached to any shares or class of shares:
 - (1) all dividends must be paid equally on all shares, except that a partly paid share confers an entitlement only to the proportion of the dividend which the amount paid (not credited) on the share is of the total amounts paid and payable (excluding amounts credited);
 - (2) for the purposes of rule 4.1(e)(1), unless the Board decides otherwise, an amount paid on a share in advance of a call is to be taken as not having been paid until it becomes payable; and
 - (3) interest is not payable by the Company on any dividend.
- (d) The Board may fix a record date for a dividend, with or without suspending the registration of transfers from that date under rule 5.3.
- (e) A dividend in respect of a share must be paid to the person who is registered, or entitled under rule 5.1(c) to be registered, as the holder of the share:
 - (1) where the Board has fixed a record date in respect of the dividend, on that date; or
 - (2) where the Board has not fixed a record date in respect of that dividend, on the date fixed for payment of the dividend,

and a transfer of a share that is not registered, or left with the Company for registration under rule 5.1(b), on or before that date is not effective, as against the Company, to pass any right to the dividend.

- (f) When resolving to pay a dividend, the Board may direct payment of the dividend from any available source permitted by law, including:
 - (1) wholly or partly by the distribution of specific assets, including paid-up shares or other securities of the Company or of another body corporate, either generally or to specific members; and
 - (2) to particular members wholly or partly out of any particular fund or reserve or out of profits derived from any particular source, and to the other members wholly or partly out of any other particular fund or reserve or out of profits derived from any other particular source.
- (g) Where a person is entitled to a share because of a Transmission Event, the Board may, but need not, retain any dividends payable on that share until that person becomes registered as the holder of that share or transfers it.
- (h) The Board may retain from any dividend payable to a member any amount presently payable by the member to the Company and apply the amount retained to the amount owing.
- (i) The Board may decide the method of payment of any dividend or other amount in respect of a share. Different methods of payment may apply to different members or groups of members (such as overseas members). Without limiting any other method of payment which the Company may adopt, payment in respect of a share may be made:
 - (1) by such electronic or other means approved by the Board directly to an account (of a type approved by the Board) nominated in writing by the member or the joint holders; or
 - (2) by cheque sent to the address of the member shown in the register of members or, in the case of joint holders, to the address shown in the register of members of any of the joint holders, or to such other address as the member or any of the joint holders in writing direct.
- (j) A cheque sent under rule 4.1(i)(2):
 - (1) may be made payable to the bearer or to the order of the member to whom it is sent or any other person the member directs; and
 - (2) is sent at the member's risk.
- (k) If the Board decides that payments will be made by electronic transfer into an account (of a type approved by the Board) nominated by a member, but no such account is nominated by the member or an electronic transfer into a nominated account is rejected or refunded, the Company may credit the amount payable to an account of the Company to be held until the member nominates a valid account.
- (l) Where a member does not have a registered address or the Company believes that a member is not known at the member's registered address, the Company may credit an amount payable in respect of the member's shares to an account of the Company to be held until the member claims the amount payable or nominates a valid account.
- (m) An amount credited to an account under rules 4.1(k) or 4.1(l) is to be treated as having been paid to the member at the time it is credited to that account. The Company will not be a trustee of the money and no interest will accrue on the money. The money may be used for the benefit of the Company until claimed, reinvested under rule 4.1(n) or disposed of in accordance with the laws relating to unclaimed monies.
- (n) If a cheque for an amount payable under rule 4.1(i)(2) is not presented for payment for at least 11 calendar months after issue or an amount is held in an account under rules 4.1(k) or 4.1(l) for at least 11 calendar months, the Board may reinvest the amount,

after deducting reasonable expenses, into shares in the Company on behalf of, and in the name of, the member concerned and may stop payment on the cheque. The shares may be acquired on market or by way of new issue at a price the Board accepts is market price at the time. Any residual sum which arises from the reinvestment may be carried forward or donated to charity on behalf of the member, as the Board decides. The Company's liability to provide the relevant amount is discharged by an application under this rule 4.1(n). The Board may do anything necessary or desirable (including executing any document) on behalf of the member to effect the application of an amount under this rule 4.1(n). The Board may determine other rules to regulate the operation of this rule 4.1(n) and may delegate its power under this rule to any person.

4.2 Capitalising profits

- (a) Subject to:
- (1) any rights or restrictions attached to any shares or class of shares; and
 - (2) any special resolution of the Company;
- the Board may capitalise and distribute to members, in the same proportions as the members are entitled to receive dividends, any amount:
- (3) forming part of the undivided profits of the Company;
 - (4) representing profits arising from an ascertained accretion to capital or a revaluation of the assets of the Company;
 - (5) arising from the realisation of any assets of the Company; or
 - (6) otherwise available for distribution as a dividend.
- (b) The Board may resolve that all or any part of the capitalised amount is to be applied:
- (1) in paying up in full, at an issue price decided by the Board, any unissued shares in or other securities of the Company;
 - (2) in paying up any amounts unpaid on shares or other securities held by the members;
 - (3) partly as specified in rule 4.2(b)(1) and partly as specified in rule 4.2(b)(2);
 - (4) any other method permitted by law.
- The members entitled to share in the distribution must accept that application in full satisfaction of their interest in the capitalised amount.
- (c) Rules 4.1(e), 4.1(f) and 4.1(g) apply, so far as they can and with any necessary changes, to capitalising an amount under this rule 4.2 as if references in those rules to:
- (1) a dividend were references to capitalising an amount; and
 - (2) a record date were references to the date the Board resolves to capitalise the amount under this rule 4.2.
- (d) Where the terms of options (existing at the date the resolution referred to in rule 4.2(b) is passed) entitle the holder to an issue of bonus shares under this rule 4.2, the Board may in determining the number of unissued shares to be so issued, allow in an appropriate manner for the future issue of bonus shares to options holders.

4.3 Ancillary powers

To give effect to any resolution to reduce the capital of the Company, to satisfy a dividend as set out in rule 4.1 or to capitalise any amount under rule 4.2, the:

- (a) Board may settle as it thinks expedient any difficulty that arises in making the distribution or capitalisation and, in particular:

- (1) make cash payments in cases where members are entitled to fractions of shares or other securities;
 - (2) decide that amounts or fractions of less than a particular value decided by the Board may be disregarded to adjust the rights of all parties;
 - (3) fix the value for distribution of any specific assets;
 - (4) pay cash or issue shares or other securities to any member to adjust the rights of all parties;
 - (5) vest any of those specific assets, cash, shares or other securities in a trustee on trust for the persons entitled to the distribution or capitalised amount; and
 - (6) authorise any person to make, on behalf of all the members entitled to any specific assets, cash, shares or other securities as a result of the distribution or capitalisation, an agreement with the Company or another person which provides, as appropriate, for the distribution or issue to them of shares or other securities credited as fully paid up or for payment by the Company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing shares or other securities by applying their respective proportions of the amount resolved to be distributed or capitalised.
- (b) Any agreement made under an authority referred to in rule 4.3(a)(6) is effective and binds all members concerned.
- (c) If a distribution, transfer or issue of specific assets, shares or securities to a particular member or members is, in the Board's discretion, considered impracticable, the Board may make a cash payment to those members or allocate the assets, shares or securities to a trustee to be sold on behalf of, and for the benefit of, those members, instead of making the distribution, transfer or issue to those members. Any proceeds receivable by members under this rule 4.3(c) will be net of expenses incurred by the Company and trustee in selling the relevant assets, shares or securities.
- (d) If the Company distributes to members (either generally or to specific members) securities in the Company or in another body corporate or trust (whether as a dividend or otherwise and whether or not for value), each of those members appoints the Company as his or her agent to do anything needed to give effect to that distribution, including agreeing to become a member of that other body corporate.

4.4 Reserves

- (a) The Board may set aside out of the Company's profits any reserves or provisions it decides.
- (b) The Board may appropriate to the Company's profits any amount previously set aside as a reserve or provision.
- (c) Setting aside an amount as a reserve or provision does not require the Board to keep the amount separate from the Company's other assets or prevent the amount being used in the Company's business or being invested as the Board decides.

4.5 Carrying forward profits

The Board may carry forward any part of the profits remaining that they consider should not be distributed as dividends or capitalised, without transferring those profits to a reserve or provision.

4.6 Capital reductions

The Company may reduce its share capital by any of the means authorised by the Act, subject to the provisions of that law. The Company may reduce its share capital in any way that is not otherwise authorised by law, including by way of an in-specie distribution of the assets of the Company (including any shares, options or other securities in another body corporate), if the reduction:

- (a) is fair and reasonable to the members of the Company as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by members in accordance with section 256C of the Act.

4.7 Shares in another body corporate

Where the Company, pursuant to a reduction of its share capital in accordance with rule 4.6, distributes shares, options or other securities in another body corporate to members:

- (a) the members of the Company will be deemed to have agreed to become members of that body corporate; and
- (b) each of the members appoints the Company or any of the directors as its agent to execute any transfer or other document required to effect the distribution of shares, options or other securities to that member.

5. TRANSFER AND TRANSMISSION OF SHARES

5.1 Transferring shares

- (a) Subject to this constitution and to any restrictions attached to a member's shares, a member may transfer any of the member's shares by a written transfer in any usual form or in any other form approved by the Board.
- (b) A transfer referred to in rule 5.1(a) must be:
 - (1) signed by or on behalf of the transferor and, if required by the Company, the transferee;
 - (2) if required by law, duly stamped; and
 - (3) left for registration at the Company's registered office, or at any other place the Board decides, with such evidence the Board requires to prove the transferor's title or right to the shares and the transferee's right to be registered as the owner of the shares.
- (c) Subject to rules 5.2(a) and 5.3, where the Company receives a transfer complying with rule 5.1, the Company must register the transferee named in the transfer as the holder of the shares to which it relates.
- (d) A transferor of shares remains the holder of the shares until the transferee's name is entered in the register of members as the holder of the shares.
- (e) The Company must not charge a fee for registering a transfer of shares.
- (f) The Company (or the Company's securities registry) may put in place, and require compliance with, reasonable processes and procedures in connection with determining the authenticity of an instrument of transfer, notwithstanding that this may prevent, delay or interfere with the registration of the relevant instrument of transfer.
- (g) The Company may retain a registered transfer for any period the Board decides.
- (h) The Board may, to the extent the law permits, waive any of the requirements of this rule 5.1 and prescribe alternative requirements instead.

5.2 Power to decline to register transfers

- (a) The Board may decline to register, or prevent registration of, a transfer of shares or apply a holding lock to prevent a transfer in accordance with the Act where:
 - (1) the transfer is not in registrable form;
 - (2) the Company has a lien on any of the shares transferred;
 - (3) registration of the transfer may breach a law of Australia;
 - (4) the transfer is not permitted under the terms of an officer or employee incentive plan; or
 - (5) the Company is otherwise permitted or required to do so under the terms of issue of the shares.
- (b) If the Board declines to register a transfer, the Company must give notice of the refusal as required by the Act. Failure to give that notice will not invalidate the decision of the Board to decline to register the transfer.
- (c) The Board may delegate its authority under this rule 5.2 to any person.

5.3 Power to suspend registration of transfers

The Board may suspend the registration of transfers at any time, and for any periods that it decides.

5.4 Transmission of shares

- (a) Subject to rule 5.4(c), where a member dies, the only persons the Company will recognise as having any title to the member's shares or any benefits accruing on those shares are:
 - (1) where the deceased was a sole holder, the legal personal representative of the deceased; and
 - (2) where the deceased was a joint holder, the survivor or survivors.
- (b) Rule 5.4(a) does not release the estate of a deceased member from any liability on a share, whether that share was held by the deceased solely or jointly with other persons.
- (c) The Board may register a transfer of shares signed by a member before a Transmission Event even though the Company has notice of the Transmission Event.
- (d) A person who becomes entitled to a share because of a Transmission Event may, on producing such evidence as the Board requires to prove that person's entitlement to the share, choose:
 - (1) to be registered as the holder of the share by signing and giving the Company a written notice stating that choice; or
 - (2) to nominate some other person to be registered as the transferee of the share by executing or effecting in some other way a transfer of the share to that other person.
- (e) The provisions of this constitution concerning the right to transfer shares and the registration of transfers of shares apply, so far as they can and with any necessary changes, to a notice or transfer under rule 5.4(d) as if the relevant Transmission Event had not occurred and the notice or transfer were executed or effected by the registered holder of the share.

- (f) Where 2 or more persons are jointly entitled to a share because of a Transmission Event they will, on being registered as the holders of the share, be taken to hold the share as joint tenants and rule 2.6 will apply to them.

6. GENERAL MEETINGS

6.1 Calling general meetings

- (a) A general meeting may only be called:
- (1) by a Board resolution; or
 - (2) as otherwise provided in the Act.
- (b) The Board may, change the venue for, postpone or cancel a general meeting, but:
- (1) a meeting that is called in accordance with a members' requisition under the Act; and
 - (2) any other meeting that is not called by a Board resolution,
- may not be postponed or cancelled without the prior written consent of the person or persons who called or requisitioned the meeting.
- (c) Subject to the Act and any applicable law:
- (1) a meeting may be held at one or more venues using any technology that gives the members as a whole a reasonable opportunity to participate;
 - (2) a meeting may be hybrid (virtual and in-person) held at one or more venues using any technology (including by audio visual link) that gives the members as a whole a reasonable opportunity to participate; or
 - (3) a meeting may be held virtually only using any technology (including by audio visual link) that gives the members as a whole a reasonable opportunity to participate; and
 - (4) any reference to a "place" when used in the context of a meeting may be, but need not be, a physical place.
- (d) If, before or during a general meeting of members, any technical difficulty occurs, such that the members as a whole do not have a reasonable opportunity to participate, the chair of the meeting may:
- (1) adjourn the meeting until the technical difficulty is remedied; or
 - (2) where a quorum remains present (either at the place at which the chair is present or by technology contemplated by this Rule) and able to participate, subject to the Act, continue the meeting (in which case no member may object to the meeting being held or continuing).
- (e) Participation in a hybrid or virtual meeting using any technology that gives the members as a whole a reasonable opportunity to participate shall constitute presence in person or 'personally' at such meeting (including for the purpose of any quorum requirements in this Constitution).

6.2 Notice of general meetings

- (a) Notice of a general meeting must be given to each person who at the time of giving the notice:
- (1) is a member, director or auditor of the Company; or
 - (2) is entitled to a share because of a Transmission Event and has satisfied the Board of this.

- (b) The content of a notice of a general meeting called by the Board is to be decided by the Board, but it must state the general nature of the business to be transacted at the meeting and any other matters required by the Act.
- (c) Unless the Act provides otherwise:
 - (1) no business may be transacted at a general meeting unless the general nature of the business is stated in the notice calling the meeting; and
 - (2) except with the approval of the Board or the chairperson, no person may move any amendment to a proposed resolution or to a document that relates to such a resolution.
- (d) A person may waive notice of any general meeting by written notice to the Company.
- (e) Failure to give a member or any other person notice of a general meeting or a proxy form, does not invalidate anything done or any resolution passed at the general meeting if:
 - (1) the failure occurred by accident or inadvertent error; or
 - (2) before or after the meeting, the person notifies the Company of the person's agreement to that thing or resolution.
- (f) A person's attendance at a general meeting waives any objection that person may have to:
 - (1) a failure to give notice, or the giving of a defective notice, of the meeting unless the person at the beginning of the meeting objects to the holding of the meeting; and
 - (2) the consideration of a particular matter at the meeting which is not within the business referred to in the notice of the meeting, unless the person objects to considering the matter when it is presented.

6.3 Admission to general meetings

- (a) The chairperson of a general meeting may take any action he or she considers appropriate for the safety of persons attending the meeting and the orderly conduct of the meeting and may refuse admission to, or require to leave and remain out of, the meeting any person:
 - (1) in possession of a pictorial-recording or sound-recording device;
 - (2) in possession of a placard or banner;
 - (3) in possession of an article considered by the chairperson to be dangerous, offensive or liable to cause disruption;
 - (4) who refuses to produce or permit examination of any article, or the contents of any article, in the person's possession;
 - (5) who refuses to comply with a request to turn off a mobile telephone, personal communication device or similar device;
 - (6) who behaves or threatens to behave or who the chairperson has reasonable grounds to believe may behave in a dangerous, offensive or disruptive way; or
 - (7) who is not entitled to receive notice of the meeting.

The chairperson may delegate the powers conferred by this rule to any person he or she thinks fit.
- (b) A person, whether a member or not, requested by the Board or the chairperson to attend a general meeting is entitled to be present and, at the request of the chairperson, to speak at the meeting.

- (c) If the chairperson of a general meeting considers that there is not enough room for the members who wish to attend the meeting, he or she may arrange for any person whom he or she considers cannot be seated in the main meeting room to observe or attend the general meeting in a separate room. Even if the members present in the separate room are not able to participate in the conduct of the meeting, the meeting will nevertheless be treated as validly held in the main room.
- (d) If a separate meeting place is linked to the main place of a general meeting by an instantaneous audio-visual link, or by any other electronic communication device which, by itself or in conjunction with other arrangements:
 - (1) gives the general body of members in the separate meeting place a reasonable opportunity to participate in proceedings in the main place;
 - (2) enables the chairperson to be aware of proceedings in the other place; and
 - (3) enables the members in the separate meeting place to vote on a show of hands or on a poll,a member present at the separate meeting place is taken to be present at the general meeting and entitled to exercise all rights as if he or she was present at the main place.
- (e) If, before or during the meeting, any technical difficulty occurs where one or more of the matters set out in rule 6.3(d) is not satisfied, the chairperson may:
 - (1) adjourn the meeting until the difficulty is remedied; or
 - (2) continue to hold the meeting in the main place (and any other place which is linked under rule 6.3(d) and transact business, and no member may object to the meeting being held or continuing.
- (f) Nothing in this rule 6.3 or in rule 6.6 is to be taken to limit the powers conferred on the chairperson by law.

6.4 Quorum at general meetings

- (a) No business may be transacted at a general meeting, except the election of a chairperson and the adjournment of the meeting, unless a quorum of members is present when the meeting proceeds to business.
- (b) A quorum is 3 or more members (or if the Company has fewer than 3 members, that number of members) present at the meeting and entitled to vote on a resolution at the meeting.
- (c) If a quorum is not present within 30 minutes after the time appointed for the general meeting:
 - (1) where the meeting was called at the request of members, the meeting must be dissolved; or
 - (2) in any other case, the meeting stands adjourned to the day, time and place the chairperson of the meeting decides.

6.5 Chairperson of general meetings

- (a) The chairperson of the Board (or, in the absence of the chairperson, the deputy chairperson of the Board) is entitled, if present within 15 minutes after the time appointed for a general meeting and willing to act, to preside as chairperson at the meeting.
- (b) The directors present may choose one of their number to preside as chairperson if, at a general meeting:
 - (1) there is no chairperson or deputy chairperson of the Board;

- (2) neither the chairperson nor the deputy chairperson of the Board is present within 15 minutes after the time appointed for the meeting; or
 - (3) neither the chairperson nor the deputy chairperson of the Board is willing to act as chairperson of the meeting.
- (c) If the directors do not choose a chairperson under rule 6.5(b), the members present must elect as chairperson of the meeting:
- (1) another director who is present and willing to act; or
 - (2) if no other director is present and willing to act, a member who is present and willing to act.
- (d) A chairperson of a general meeting may, for any item of business or discrete part of the meeting, vacate the chair in favour of another person nominated by him or her (**Acting Chairperson**). Where an instrument of proxy appoints the chairperson as proxy for part of the proceedings for which an Acting Chairperson has been nominated, the instrument of proxy is taken to be in favour of the Acting Chairperson for the relevant part of the proceedings.
- (e) Wherever the term 'chairperson' is used in this rule 6, it is to be read as a reference to the chairperson of the general meeting, unless the context indicates otherwise.

6.6 Conduct at general meetings

- (a) Subject to the provisions of the Act, the chairperson is responsible for the general conduct of the meeting and for the procedures to be adopted at the meeting.
- (b) The chairperson may, at any time the chairperson considers it necessary or desirable for the efficient and orderly conduct of the meeting:
 - (1) impose a limit on the time that a person may speak on each motion or other item of business and terminate debate or discussion on any business, question, motion or resolution being considered by the meeting and require the business, question, motion or resolution to be put to a vote of the members present;
 - (2) adopt any procedures for casting or recording votes at the meeting whether on a show of hands or on a poll, including the appointment of scrutineers; and
 - (3) decide not to put to the meeting any resolution proposed in the notice convening the meeting (other than a resolution proposed by members in accordance with section 249N of the Act or required by the Act to be put to the meeting).
- (c) A decision by a chairperson under rules 6.6(a) or 6.6(b) is final.
- (d) Whether or not a quorum is present, the chairperson may postpone the meeting before it has started if, at the time and place appointed for the meeting, he or she considers that:
 - (1) there is not enough room for the number of members who wish to attend the meeting; or
 - (2) a postponement is necessary in light of the behaviour of persons present or for any other reason so that the business of the meeting can be properly carried out.
- (e) A postponement under rule 6.6(d) will be to another time, which may be on the same day as the meeting, and may be to another place (and the new time and place will be taken to be the time and place for the meeting as if specified in the notice that called the meeting originally).
- (f) The chairperson may at any time during the course of the meeting:

- (1) adjourn the meeting or any business, motion, question or resolution being considered or remaining to be considered by the meeting either to a later time at the same meeting or to an adjourned meeting; and
 - (2) for the purpose of allowing any poll to be taken or determined, suspend the proceedings of the meeting for such period or periods as he or she decides without effecting an adjournment. No business may be transacted and no discussion may take place during any suspension of proceedings unless the chairperson otherwise allows.
- (g) The chairperson's rights under rules 6.6(d) and 6.6(f) are exclusive and, unless the chairperson requires otherwise, no vote may be taken or demanded by the members present concerning any postponement, adjournment or suspension of proceedings.
 - (h) Only unfinished business may be transacted at a meeting resumed after an adjournment.
 - (i) Where a meeting is postponed or adjourned under this rule 6.6, notice of the postponed or adjourned meeting need not be given to any other person except as provided by rule 6.6(k).
 - (j) Where a meeting is postponed or adjourned, the Board may postpone, cancel or change the place of the postponed or adjourned meeting.
 - (k) Where a meeting is postponed or adjourned for 30 days or more, notice of the postponed or adjourned meeting must be given as in the case of the original meeting.

6.7 Decisions at general meetings

- (a) Except where a resolution requires a special majority, questions arising at a general meeting must be decided by a majority of votes cast by the members present at the meeting. A decision made in this way is for all purposes, a decision of the members.
- (b) If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote.
- (c) Subject to rule 6.7(d), each question submitted to a general meeting is to be decided in the first instance by a show of hands of the members present and entitled to vote.
- (d) The chairperson may determine that any question to be submitted to a general meeting will be determined by a poll without first submitting the question to a show of hands.
- (e) A poll may be demanded by members in accordance with the Act (and not otherwise) or by the chairperson.
- (f) A demand for a poll does not prevent a general meeting continuing to transact any business except the question on which the poll is demanded.
- (g) Unless a poll is duly demanded, a declaration by the chairperson that a resolution has on a show of hands been carried or carried unanimously, or carried by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company is conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.
- (h) If a poll is duly demanded at a general meeting, it must be taken in the way and either at once or after an interval or adjournment as the chairperson directs. The result of the poll as declared by the chairperson is the resolution of the meeting at which the poll was demanded.
- (i) A poll cannot be demanded at a general meeting on the election of a chairperson.
- (j) The demand for a poll may be withdrawn with the chairperson's consent.

6.8 Direct voting

- (a) Despite anything to the contrary in this constitution, the Board may decide that, at any general meeting or class meeting, a member who is entitled to attend and vote on a resolution at that meeting is entitled to a direct vote in respect of that resolution. A 'direct vote' includes a vote delivered to the Company by post, fax or other electronic means approved by the directors.
- (b) The Board may prescribe regulations, rules and procedures in relation to direct voting, including specifying the form, method and timing of giving a direct vote at a meeting in order for the vote to be valid.

6.9 Voting rights

- (a) Subject to this constitution and the Act and to any rights or restrictions attached to any shares or class of shares, at a general meeting:
 - (1) on a show of hands, every member present has one vote; and
 - (2) on a poll, every member present has one vote for each share held as at the Record Time by the member entitling the member to vote, except for partly paid shares, each of which confers on a poll only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable (excluding amounts credited) on the share. An amount paid in advance of a call is disregarded for this purpose.
- (b) If a person present at a general meeting represents personally or by proxy, attorney or Representative more than one member, on a show of hands the person is, subject to the Act, entitled to one vote only even though he or she represents more than one member.
- (c) A joint holder may vote at a meeting either personally or by proxy, attorney or Representative as if that person was the sole holder. If more than one joint holder tenders a vote in respect of the relevant shares, the vote of the holder named first in the register who tenders a vote, whether in person or by proxy, attorney or Representative, must be accepted to the exclusion of the votes of the other joint holders.
- (d) The parent or guardian of an infant member may vote at any general meeting on such evidence being produced of the relationship or of the appointment of the guardian as the Board may require and any vote so tendered by a parent or guardian of an infant member must be accepted to the exclusion of the vote of the infant member.
- (e) A person entitled to a share because of a Transmission Event may vote at a general meeting in respect of that share in the same way as if that person were the registered holder of the share if, at least 48 hours before the meeting (or such shorter time as the Board determines), the Board:
 - (1) admitted that person's right to vote at that meeting in respect of the share; or
 - (2) was satisfied of that person's right to be registered as the holder of, or to transfer, the share.Any vote duly tendered by that person must be accepted and the vote of the registered holder of those shares must not be counted.
- (f) Where a member holds a share on which a call or other amount payable to the Company has not been duly paid:
 - (1) that member is only entitled to be present at a general meeting and vote if that member holds, as at the Record Time, other shares on which no money is then due and payable; and

- (2) on a poll, that member is not entitled to vote in respect of that share but may vote in respect of any shares that member holds, as at the Record Time, on which no money is then due and payable.
- (g) A member is not entitled to vote on a resolution if, under the Act:
 - (1) the member must not vote or must abstain from voting on the resolution; or
 - (2) a vote on the resolution by the member must be disregarded for any purposes.

If the member or a person acting as proxy, attorney or Representative of the member does tender a vote on that resolution, their vote must not be counted.
- (h) An objection to the validity of a vote tendered at a general meeting must be:
 - (1) raised before or immediately after the result of the vote is declared; and
 - (2) referred to the chairperson, whose decision is final.
- (i) A vote tendered, but not disallowed by the chairperson under rule 6.9(h), is valid for all purposes, even if it would not otherwise have been valid.
- (j) The chairperson may decide any difficulty or dispute which arises as to the number of votes that may be cast by or on behalf of any member and the decision of the chairperson is final.

6.10 Representation at general meetings

- (a) Subject to this constitution, each member entitled to vote at a general meeting may vote:
 - (1) in person or, where a member is a body corporate, by its Representative;
 - (2) by not more than 2 proxies; or
 - (3) by not more than 2 attorneys.
- (b) A proxy, attorney or Representative may, but need not, be a member of the Company.
- (c) An instrument appointing a proxy is valid if it is in accordance with the Act or in any form approved by the Board.
- (d) For the purposes of this rule 6.10 a proxy appointment received at an electronic address specified in the notice of general meeting for the receipt of proxy appointments or otherwise received by the Company in accordance with the Act is taken to have been signed or executed if the appointment:
 - (1) includes or is accompanied by a personal identification code allocated by the Company to the member making the appointment;
 - (2) has been authorised by the member in another manner approved by the Board and specified in or with the notice of meeting; or
 - (3) is otherwise authenticated in accordance with the Act.
- (e) A vote given in accordance with an instrument appointing a proxy or attorney is valid despite the transfer of the share in respect of which the instrument was given if the transfer is not registered by the time at which the instrument appointing the proxy or attorney is required to be received under rule 6.10(i).
- (f) Unless otherwise provided in the appointment of a proxy, attorney or Representative, an appointment will be taken to confer authority:
 - (1) even though the appointment may refer to specific resolutions and may direct the proxy, attorney or Representative how to vote on those resolutions, to do any of the acts specified in rule 6.10(g); and

- (2) even though the appointment may refer to a specific meeting to be held at a specified time or venue, where the meeting is rescheduled, adjourned or postponed to another time or changed to another venue, to attend and vote at the rescheduled, adjourned or postponed meeting or at the new venue.
- (g) The acts referred to in rule 6.10(f)(1) are:
- (1) to vote on any amendment moved to the proposed resolutions and on any motion that the proposed resolutions not be put or any similar motion;
 - (2) to vote on any motion before the general meeting, whether or not the motion is referred to in the appointment; and
 - (3) to act generally at the meeting (including to speak, demand a poll, join in demanding a poll and to move motions).
- (h) A proxy form issued by the Company must allow for the insertion of the name of the person to be primarily appointed as proxy and may provide that, in circumstances and on conditions specified in the form that are not inconsistent with this constitution, the chairperson of the relevant meeting (or another person specified in the form) is appointed as proxy.
- (i) A proxy or attorney may not vote at a general meeting or adjourned or postponed meeting or on a poll unless the instrument appointing the proxy or attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company:
- (1) at least 48 hours, or such lesser time as specified by the Board in the notice of meeting, (or in the case of an adjournment or postponement of a meeting, any lesser time that the Board or the chairperson of the meeting decides) before the time for holding the meeting or adjourned or postponed meeting or taking the poll, as applicable; or
 - (2) where rule 6.10(j)(2) applies, such shorter period before the time for holding the meeting or adjourned or postponed meeting or taking the poll, as applicable, as the Company determines in its discretion.
- A document is received by the Company under this rule 6.10(i) when it is received in accordance with the Act, and to the extent permitted by the Act, if the document is produced or the transmission of the document is otherwise verified to the Company in the way specified in the notice of meeting.
- (j) Where the Company receives an instrument appointing a proxy or attorney in accordance with rule 6.10 and within the time period specified in rule 6.10(i)(1), the Company is entitled to:
- (1) clarify with the appointing member any instruction in relation to that instrument by written or verbal communication and make any amendments to the instrument required to reflect any clarification; and
 - (2) where the Company considers that the instrument has not been duly executed, return the instrument to the appointing member and request that the member duly execute the instrument and return it to the Company within the period determined by the Company under rules 6.10(i)(2) and notified to the member.
- (k) The member is taken to have appointed the Company as its attorney for the purpose of any amendments made to an instrument appointing a proxy in accordance with rule 6.10(j)(1). An instrument appointing a proxy or attorney which is received by the Company in accordance with rule 6.10(j) is taken to have been validly received by the Company.
- (l) The appointment of a proxy or attorney is not revoked by the appointor attending and taking part in the general meeting, but if the appointor votes on a resolution, the proxy

or attorney is not entitled to vote, and must not vote, as the appointor's proxy or attorney on the resolution.

- (m) Where a member appoints 2 proxies or attorneys to vote at the same general meeting:
 - (1) if the appointment does not specify the proportion or number of the member's votes each proxy or attorney may exercise, each proxy or attorney may exercise half the member's votes;
 - (2) on a show of hands, neither proxy or attorney may vote if more than one proxy or attorney attends; and
 - (3) on a poll, each proxy or attorney may only exercise votes in respect of those shares or voting rights the proxy or attorney represents.
- (n) Unless written notice of the matter has been received at the Company's registered office (or at another place specified for lodging an appointment of a proxy, attorney or Representative for the meeting) within the time period specified under rule 6.10(j), a vote cast by a proxy, attorney or Representative is valid even if, before the vote is cast:
 - (1) a Transmission Event occurs to the member; or
 - (2) the member revokes the appointment of the proxy, attorney or Representative or revokes the authority under which a third party appointed the proxy, attorney or Representative.
- (o) The chairperson may require a person acting as a proxy, attorney or Representative to establish to the chairperson's satisfaction that the person is the person duly appointed to act. If the person fails to satisfy the requirement, the chairperson may:
 - (1) exclude the person from attending or voting at the meeting; or
 - (2) permit the person to exercise the powers of a proxy, attorney or Representative on the condition that, if required by the Company, he or she produce evidence of the appointment within the time set by the chairperson.
- (p) The chairperson may delegate his or her powers under rule 6.10(o) to any person.

7. DIRECTORS

7.1 Appointment and retirement of directors

- (a) The number of directors shall:
 - (1) not be less than 3; and
 - (2) not be more than 10,unless the Company resolves otherwise at a general meeting.
- (b) A member (or group of members) may be entitled to appoint, replace or remove one or more directors to the Board under the terms of a Shareholders' Deed.
- (c) The Board may appoint any eligible person to be a director, either as an addition to the existing directors or to fill a casual vacancy, but so that the total number of directors does not exceed the maximum number fixed under this constitution.
- (d) A director appointed by the Board under rule 7.1(c), who is not a managing director or appointed pursuant to a Shareholders' Deed, holds office until the conclusion of the next AGM following his or her appointment.
- (e) A director is not required to retire and is not relieved from retiring because of a change in the number or identity of the directors after the date of the notice calling the AGM but before the meeting closes.

- (f) The members may by resolution at a general meeting appoint an eligible person to be a director, either as an addition to the existing directors or to fill a casual vacancy, but so that the total number of directors does not exceed the maximum number fixed under this constitution.
- (g) The retirement of a director from office under this constitution and the re-election of a director or the election of another person to that office (as the case may be) takes effect at the conclusion of the meeting at which the retirement and re-election or election occur.
- (h) A person is eligible for election to the office of a director at a general meeting only if:
 - (1) the person is in office as a director immediately before that meeting ;
 - (2) the person has been nominated by the Board for election at that meeting;
 - (3) in any other case, not less than the number of members specified in the Act as being required to give notice of a resolution at a general meeting of the Company have:
 - (A) at least 45 Business Days; or
 - (B) in the case of a general meeting which the directors have been duly requested by members under the Act to call, at least 30 Business Days,

but, in each case, no more than 90 Business Days, before the meeting given the Company:

 - (C) a notice signed by the relevant members stating their intention to nominate the person for election; and
 - (D) a notice signed by the person nominated stating his or her consent to the nomination.
- (i) A partner, employer or employee of an auditor of the Company may not be appointed or elected as a director.

7.2 Vacating office

In addition to the circumstances prescribed by the Act and this constitution, the office of a director becomes vacant if the director:

- (a) becomes of unsound mind or a person who is, or whose estate is, liable to be dealt with in any way under the law relating to mental health;
- (b) becomes bankrupt or insolvent or makes any arrangement or compromise with his or her creditors generally;
- (c) is convicted on indictment of an offence and the Board does not within one month after that conviction resolve to confirm the director's appointment or election (as the case may be) to the office of director;
- (d) fails to attend meetings of the Board for more than 3 consecutive meetings without leave of absence from the Board and a majority of the other directors have not, within 14 days of having been given a notice by the secretary giving details of the absence, resolved that leave of absence be granted; or
- (e) resigns by written notice to the Company.

7.3 Remuneration

- (a) The Board may decide the remuneration from the Company to which each director is entitled for his or her services as a director, but the total aggregate amount provided to all non-executive directors of the Company for their services as directors must not exceed in any financial year the amount fixed by the Company in general meeting.

- (b) When calculating a non-executive director's remuneration for the purposes of rule 7.3(a), any amount paid by the Company or related body corporate:
- (1) to a superannuation, retirement or pension fund for a director is to be included;
 - (2) as fees for acting as a director of the Company or any child entity (including attending and participating in any board committee meetings where the Board has not made a determination under rule 7.7(c)) is to be included;
 - (3) as securities, are to be excluded; and
 - (4) for any insurance premium paid or agreed to be paid for a director under rule 9.4 is to be excluded.
- (c) Remuneration under rule 7.3(a) may be provided in such manner that the Board decides, including by way of non cash benefit, such as a contribution to a superannuation fund.
- (d) The remuneration is taken to accrue from day to day.
- (e) The remuneration of a director (who is not a managing director or an executive director) must not include a commission on, or a percentage of, profits or operating revenue.
- (f) The directors are entitled to be paid all travelling and other expenses they incur in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of committees of the Board. Such amounts will not form part of the aggregate remuneration permitted under rule 7.3(a).
- (g) Any director who performs extra services, makes any special exertions for the benefit of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a non-executive director, may be remunerated for the services (as determined by the Board) out of the funds of the Company. Any amount paid will not form part of the aggregate remuneration permitted under rule 7.3(a).
- (h) If a director is also:
- (1) an officer (other than a director);
 - (2) or an executive,
- of the Company or of a related body corporate, any remuneration that director may receive for acting in their capacity as that officer or executive may be either in addition to or instead of that director's remuneration under rule 7.3(a).
- (i) The Board may:
- (1) at any time after a director dies or ceases to hold office as a director for any other reason, pay or provide to the director or a legal personal representative, spouse, relative or dependant of the director, in addition to the remuneration of that director under rule 7.3(a), a pension or benefit for past services rendered by that director; and
 - (2) cause the Company to enter into a contract with the director or a legal personal representative, spouse, relative or dependant of the director to give effect to such a payment or provide for such a benefit.
- (j) Any director may be paid a retirement benefit, as determined by the Board, in accordance with the Act. The Board may make arrangements with any director with respect to the payment of retirement benefits in accordance with this rule 7.3(j).
- (k) The Board may establish or support, or assist in the establishment or support, of funds and trusts to provide pension, retirement, superannuation or similar payments or benefits to or in respect of the directors or former directors and grant pensions and

allowances to those persons or their dependants either by periodic payment or a lump sum.

7.4 Director need not be a member

- (a) A director is not required to hold any shares in the Company to qualify for appointment.
- (b) A director is entitled to attend and speak at general meetings and at meetings of the holders of a class of shares, even if he or she is not a member or a holder of shares in the relevant class.

7.5 Directors may contract with the Company and hold other offices

- (a) The Board may make regulations requiring the disclosure of interests that a director, and any person deemed by the Board to be related to or associated with the director, may have in any matter concerning the Company or a related body corporate. Any regulations made under this constitution bind all directors.
- (b) No act, transaction, agreement, instrument, resolution or other thing is invalid or voidable only because a person fails to comply with any regulation made under rule 7.5(a).
- (c) A director is not disqualified from contracting or entering into an arrangement with the Company as vendor, purchaser or in another capacity, merely because the director holds office as a director or because of the fiduciary obligations arising from that office.
- (d) A contract or arrangement entered into by or on behalf of the Company in which a director is in any way interested is not invalid or voidable merely because the director holds office as a director or because of the fiduciary obligations arising from that office.
- (e) A director who is interested in any arrangement involving the Company is not liable to account to the Company for any profit realised under the arrangement merely because the director holds office as a director or because of the fiduciary obligations arising from that office, provided that the director complies with the disclosure requirements applicable to the director under rule 7.5(a) and under the Act regarding that interest.
- (f) A director may hold any other office or position (except auditor) in the Company or any related body corporate in conjunction with his or her directorship and may be appointed to that office or position on terms (including remuneration and tenure) the Board decides.
- (g) A director may be or become a director or other officer of, or interested in, any related body corporate or any other body corporate promoted by or associated with the Company, or in which the Company may be interested as a vendor, and, with the consent of the Board, need not account to the Company for any remuneration or other benefits the director receives as a director or officer of, or from having an interest in, that body corporate.
- (h) A director who has an interest in a matter that is being considered at a meeting of the Board may, despite that interest, vote, be present and be counted in a quorum at the meeting, unless that is prohibited by the Act. No act, transaction, agreement, instrument, resolution or other thing is invalid or voidable only because a director fails to comply with that prohibition.
- (i) The Board may exercise the voting rights given by shares in any corporation held or owned by the Company in any way the Board decides. This includes voting for any resolution appointing a director as a director or other officer of that corporation or voting for the payment of remuneration to the directors or other officers of that corporation. A director may, if the law permits, vote for the exercise of those voting

rights even though he or she is, or may be about to be appointed, a director or other officer of that other corporation and, in that capacity, may be interested in the exercise of those voting rights.

- (j) A director who is interested in any contract or arrangement may, despite that interest, participate in the execution of any document by or on behalf of the Company evidencing or otherwise connected with that contract or arrangement.

7.6 Powers and duties of directors

- (a) The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by this constitution) may exercise all powers and do all things that are:
 - (1) within the power of the Company; and
 - (2) are not by this constitution or by law directed or required to be done by the Company in general meeting.
- (b) The Board may exercise all the powers of the Company:
 - (1) to borrow or raise money in any other way;
 - (2) to charge any of the Company's property or business or any of its uncalled capital; and
 - (3) to issue debentures or give any security for a debt, liability or obligation of the Company or of any other person.
- (c) Debentures or other securities may be issued on the terms and at prices decided by the Board, including bearing interest or not, with rights to subscribe for, or exchange into, shares or other securities in the Company or a related body corporate or with special privileges as to redemption, participating in share issues, attending and voting at general meetings and appointing directors.
- (d) The Board may decide how cheques, promissory notes, banker's drafts, bills of exchange or other negotiable instruments must be signed, drawn, accepted, endorsed or otherwise executed, as applicable, by or on behalf of the Company.
- (e) The Board may pay out of the Company's funds all expenses of the promotion, formation and registration of the Company and the vesting in it of the assets acquired by it.
- (f) The Board may:
 - (1) appoint or employ any person as an officer, agent or attorney of the Company for the purposes, with the powers, discretions and duties (those vested in or exercisable by the Board), for any period and on any other conditions they decide;
 - (2) authorise an officer, agent or attorney to delegate any of the powers, discretions and duties vested in the officer, agent or attorney; and
 - (3) remove or dismiss any officer, agent or attorney of the Company at any time, with or without cause.
- (g) Prior to the commencement of each Financial Year, the Company shall prepare a draft budget for the forthcoming Financial Year which shall be submitted to the Board for approval. The Board may approve the budget with or without modification by unanimous approval of all directors (except as provided for in the Shareholders' Deed). If no budget is approved, then the most recently approved pre-existing budget continues to apply.
- (h) A power of attorney may contain any provisions for the protection and convenience of the attorney or persons dealing with the attorney that the Board decides.

- (i) Nothing in this rule 7.6 limits the general nature of rule 7.6(a).

7.7 Delegation by the Board

- (a) The Board may delegate any of its powers to one director, a committee of the Board, or any person or persons.
- (b) A director, committee of the Board, or person to whom any powers have been so delegated must exercise the powers delegated in accordance with any directions of the Board.
- (c) The acceptance of a delegation of powers by a director may, if the Board so resolves, be treated as an extra service or special exertion performed by the delegate for the purposes of rule 7.3(g).
- (d) The provisions of this constitution applying to meetings and resolutions of the Board apply, so far as they can and with any necessary changes, to meetings and resolutions of a committee of the Board, except to the extent they are contrary to any direction given under rule 7.7(b).

7.8 Proceedings of directors

- (a) The directors may meet together to attend to business and adjourn and otherwise regulate their meetings as they decide.
- (b) The contemporaneous linking together by telephone or other electronic means (including by audio visual link) of a sufficient number of directors to constitute a quorum, constitutes a meeting of the Board. All the provisions in this constitution relating to meetings of the Board apply, as far as they can and with any necessary changes, to meetings of the Board by telephone or other electronic means (including by audio visual link).
- (c) A meeting by telephone or other electronic means (including by audio visual link) is to be taken to be held at the place where the chairperson of the meeting is or at such other place the chairperson of the meeting decides, as long as at least one of the directors involved was at that place for the duration of the meeting.
- (d) A director taking part in a meeting by telephone or other electronic means (including by audio visual link) is to be taken to be present in person at the meeting and all directors participating in the meeting will (unless there is a specific statement otherwise) be taken to have consented to the holding of the meeting by the relevant electronic means.
- (e) If, before or during the meeting, any technical difficulty occurs where one or more directors cease to participate, the chairperson may adjourn the meeting until the difficulty is remedied or may, where a quorum of directors remains present, continue with the meeting.

7.9 Calling meetings of the Board

- (a) A director may, whenever the director thinks fit, call a meeting of the Board.
- (b) A secretary must, if requested by a director, call a meeting of the Board.

7.10 Notice of meetings of the Board

- (a) Notice of a meeting of the Board must be given to each person who is, at the time the notice is given a director, except a director on leave of absence approved by the Board, and any person entitled to receive it under the Shareholders' Deed.
- (b) A notice of a meeting of the Board:

- (1) must specify the time and place or places of the meeting, and if the meeting will be held using by telephone or other electronic means (including by audio visual link), sufficient information to allow the directors to participate in the meeting by means of the technology;
 - (2) need not state the nature of the business to be transacted at the meeting;
 - (3) may, if necessary, be given immediately before the meeting;
 - (4) may be given in person or by post or by telephone, fax or other electronic means, or in any other way consented to by the directors from time to time; and
 - (5) is taken to have been given to an alternate director if it is given to the director who appointed that alternate director.
- (c) A director may waive notice of a meeting of the Board by giving notice to that effect in person or by post or by telephone, fax or other electronic means.
 - (d) Failure to give a director notice of a meeting of the Board does not invalidate anything done or any resolution passed at the meeting if:
 - (1) the failure occurred by accident or inadvertent error; or
 - (2) the director attended the meeting or waived notice of the meeting (whether before or after the meeting).
 - (e) A person who attends a meeting of the Board waives any objection that person may have to a failure to give notice of the meeting.

7.11 Quorum at meetings of the Board

- (a) No business may be transacted at a meeting of the Board unless a quorum of directors is present at the time the business is dealt with.
- (b) Unless the Board decides differently, 3 directors constitute a quorum, including all directors nominated pursuant to rule 7.1(b)
- (c) If there is a vacancy in the office of a director, the remaining directors may act. But, if their number is not sufficient to constitute a quorum, they may act only in an emergency or to increase the number of directors to a number sufficient to constitute a quorum or to call a general meeting of the Company.

7.12 Chairperson and deputy chairperson of the Board

- (a) The Board may elect a director to the office of chairperson of the Board and may elect one or more directors to the office of deputy chairperson of the Board. The Board may decide the period for which those offices will be held.
- (b) The chairperson of the Board is entitled (if present within 10 minutes after the time appointed for the meeting and willing to act) to preside as chairperson at a meeting of the Board.
- (c) If at a meeting of the Board:
 - (1) there is no chairperson of the Board;
 - (2) the chairperson of the Board is not present within 10 minutes after the time appointed for the holding of the meeting; or
 - (3) the chairperson of the Board is present within that time but is not willing or declines to act as chairperson of the meeting,

the deputy chairperson, if any, is entitled to be chairperson of the meeting. In the absence of a deputy chairperson, or if the deputy chairperson is unwilling or declines to act as chairperson of the meeting, the directors present must elect one of themselves to chair the meeting.

7.13 Decisions of the Board

- (a) The Board, at a meeting at which a quorum is present, may exercise any authorities, powers and discretions vested in or exercisable by the Board under this constitution.
- (b) Questions arising at a meeting of the Board must be decided by a majority of votes cast by the directors present and entitled to vote on the matter.
- (c) Subject to rule 7.13(d), if the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to his or her deliberative vote.
- (d) Where only 2 directors are present or entitled to vote at a meeting of the Board and the votes are equal on a proposed resolution:
 - (1) the chairperson of the meeting does not have a second or casting vote; and
 - (2) the proposed resolution is taken as lost.

7.14 Written resolutions

- (a) If:
 - (1) all of the directors (other than any director on leave of absence approved by the Board, any director who disqualifies himself or herself from considering the resolution in question and any director who would be prohibited by the Act from voting on the resolution in question) sign or consent to a written resolution; and
 - (2) the directors who sign or consent to the resolution would have constituted a quorum at a meeting of the Board held to consider that resolution,

then the resolution is taken to have been passed by a meeting of the Board when the last director signs or consents to the resolution.

- (b) A director may consent to a resolution by:
 - (1) signing the document containing the resolution (or a copy of that document);
 - (2) giving to the Company a written notice (including by fax to its registered office, email or other electronic means) addressed to the secretary or to the chairperson of the Board signifying assent to the resolution and either setting out its terms or otherwise clearly identifying them; or
 - (3) telephoning the secretary or the chairperson of the Board and signifying assent to the resolution and clearly identifying its terms.

7.15 Alternate directors

- (a) A director may, with the approval of the directors, appoint a person to be that director's alternate director for a period which the director thinks fit.
- (b) An alternate director may be a member or a director of the Company but need not be a member or a director.
- (c) One person may act as alternate director to more than one director.
- (d) An alternate director is entitled, if the appointer does not attend a meeting of directors, to attend and vote in place of and on behalf of the appointer.
- (e) An alternate director is entitled to a separate vote for each director the alternate director represents in addition to any vote the alternate director may have as a director in his or her own right.

- (f) In the absence of the appointer, an alternate director may exercise any powers that the appointer may exercise and the exercise of that power by the alternate director is to be taken to be the exercise of the power by the appointer.
- (g) The office of an alternate director is vacated if and when the appointer vacates office as a director.
- (h) The appointment of an alternate director may be terminated at any time by the appointer even though the period of the appointment of the alternate director has not expired.
- (i) An appointment, or the termination of an appointment, of an alternate director must be in writing signed by the director who makes or made the appointment and does not take effect unless and until the Company has received notice in writing of the appointment or termination.
- (j) An alternate director is not to be taken into account in determining the minimum or maximum number of directors allowed under this constitution.
- (k) In determining whether a quorum is present at a meeting of directors:
 - (1) where a director has appointed an alternate director, that alternate director is counted if the appointing director is not present;
 - (2) where a person is present as director and an alternate director for another director, that person is counted separately provided that there is at least one other director or alternate director present; and
 - (3) where a person is present as an alternate director for more than one director, that person is counted separately for each appointment provided that there is at least one other director or alternate director present.
- (l) An alternate director is entitled to be paid the remuneration which the directors think fit, either in addition to or in reduction of the remuneration payable to the director for whom the alternate director acts as alternate, provided that the total amount fixed by the Company for remuneration of directors under rule 7.3(a) is not exceeded.
- (m) An alternate director is not entitled to be remunerated by the Company for his or her services as alternate director except as provided in rule 7.15(l).
- (n) An alternate director, while acting as a director, is responsible to the Company for his or her own acts and defaults and is not to be taken to be the agent of the director by whom he or she was appointed.

7.16 Validity of acts

An act done by a meeting of the Board, a committee of the Board or a person acting as a director is not invalidated by:

- (a) a defect in the appointment of a person as a director or a member of a committee; or
- (b) a person so appointed being disqualified or not being entitled to vote,

if that circumstance was not known by the Board, committee or person when the act was done.

8. EXECUTIVE OFFICERS

8.1 Managing directors and executive directors

- (a) The Board may appoint one or more of the directors to the office of managing director or other executive director.

- (b) Unless the Board decides otherwise, a managing director's or other executive director's employment terminates if the managing director or other executive director ceases to be a director.
- (c) A managing director or other executive director may be referred to by any title the Board decides on.

8.2 Secretary

- (a) The Board must appoint at least one secretary and may appoint additional secretaries.
- (b) The Board may appoint one or more assistant secretaries.

8.3 Provisions applicable to all executive officers

- (a) A reference in this rule 8.3 to an executive officer is a reference to a managing director, executive director, secretary or assistant secretary appointed under this rule 8.
- (b) The appointment of an executive officer may be for the period, at the remuneration and on the conditions the Board decides.
- (c) The remuneration payable by the Company to an executive officer must not include a commission on, or percentage of, operating revenue.
- (d) The Board may:
 - (1) delegate to or give an executive officer any powers, discretions and duties it decides;
 - (2) withdraw, suspend or vary any of the powers, discretions and duties given to an executive officer; and
 - (3) authorise the executive officer to delegate any of the powers, discretions and duties given to the executive officer.
- (e) Unless the Board decides differently, the office of a director who is employed by the Company or by a subsidiary of the Company automatically becomes vacant if the director ceases to be so employed.
- (f) An act done by a person acting as an executive officer is not invalidated by:
 - (1) a defect in the person's appointment as an executive officer;
 - (2) the person being disqualified to be an executive officer; or
 - (3) the person having vacated office,

if the person did not know that circumstance when the act was done.

9. INDEMNITY AND INSURANCE

9.1 Persons to whom rules 10.2 and 10.4 apply

Rules 9.2 and 9.4 apply:

- (a) to each person who is or has been a director, or executive officer (within the meaning of rule 8.3(a)) of the Company; and
- (b) to such other officers or former officers of the Company or of its related bodies corporate as the Board in each case determines,

(each an **Officer** for the purposes of this rule).

9.2 Indemnity

The Company must indemnify each Officer on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses (**Liabilities**) incurred by the Officer as an officer of the Company or of a related body corporate.

9.3 Extent of indemnity

The indemnity in rule 9.2:

- (a) is enforceable without the Officer having to first incur any expense or make any payment;
- (b) is a continuing obligation and is enforceable by the Officer even though the Officer may have ceased to be an officer of the Company or its related bodies corporate; and
- (c) applies to Liabilities incurred both before and after the adoption of this constitution.

9.4 Insurance

The Company may, to the extent permitted by law:

- (a) purchase and maintain insurance; or
- (b) pay or agree to pay a premium for insurance,

for each Officer against any Liability incurred by the Officer as an officer of the Company or of a related body corporate including, but not limited to, a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings, whether civil or criminal and whatever their outcome.

9.5 Savings

Nothing in rule 9.2 or 9.4:

- (a) affects any other right or remedy that a person to whom those rules apply may have in respect of any Liability referred to in those rules;
- (b) limits the capacity of the Company to indemnify or provide or pay for insurance for any person to whom those rules do not apply; or
- (c) limits or diminishes the terms of any indemnity conferred or agreement to indemnify entered into prior to the adoption of this constitution.

9.6 Deed

The Company may enter into a deed with any Officer to give effect to the rights conferred by this rule 9 or the exercise of a discretion under this rule 9 on such terms as the Board thinks fit which are not inconsistent with this rule 9.

10. WINDING UP

10.1 Distributing surplus

Subject to this constitution and the rights or restrictions attached to any shares or class of shares:

- (a) if the Company is wound up and the property of the Company available for distribution among the members is more than sufficient to pay:
 - (1) all the debts and liabilities of the Company; and
 - (2) the costs, charges and expenses of the winding up,

the excess must be divided among the members in proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares;

- (b) for the purpose of calculating the excess referred to in rule 10.1(a), any amount unpaid on a share is to be treated as property of the Company;
- (c) the amount of the excess that would otherwise be distributed to the holder of a partly paid share under rule 10.1(a), must be reduced by the amount unpaid on that share at the date of the distribution; and
- (d) if the effect of the reduction under rule 10.1(c), would be to reduce the distribution to the holder of a partly paid share to a negative amount, the holder must contribute that amount to the Company.

10.2 Dividing property

- (a) If the Company is wound up, the liquidator may, with the sanction of a special resolution:
 - (1) divide among the members the whole or any part of the Company's property; and
 - (2) decide how the division is to be carried out as between the members or different classes of members.
- (b) A division under rule 10.2(a) need not accord with the legal rights of the members and, in particular, any class may be given preferential or special rights or may be excluded altogether or in part.
- (c) Where a division under rule 10.2(a) does not accord with the legal rights of the members, a member is entitled to dissent and to exercise the same rights as if the special resolution sanctioning that division were a special resolution passed under section 507 of the Act.
- (d) If any of the property to be divided under rule 10.2(a) includes securities with a liability to calls, any person entitled under the division to any of the securities may, within 10 days after the passing of the special resolution referred to in rule 10.2(a), by written notice direct the liquidator to sell the person's proportion of the securities and account for the net proceeds. The liquidator must, if practicable, act accordingly.
- (e) Nothing in this rule 10.2 takes away from or affects any right to exercise any statutory or other power which would have existed if this rule were omitted.
- (f) Rule 4.3 applies, so far as it can and with any necessary changes, to a division by a liquidator under rule 10.2(a) as if references in rule 4.3 to:
 - (1) the Board were references to the liquidator; and
 - (2) a distribution or capitalisation were references to the division under rule 10.2(a).

11. MINUTES AND RECORDS

11.1 Minutes and resolutions

The directors must cause:

- (a) minutes of:
 - (1) all proceedings and resolutions of general meetings; and
 - (2) proceedings and resolutions of meetings of the directors and of committees of the directors; and

- (b) a copy of resolutions passed by directors without a meeting, to be recorded and entered in books kept for that purpose, within one month after the meeting is held or the resolution is passed.

11.2 Signing of minutes or resolutions

- (a) Minutes of a meeting must be signed by the chair of the meeting or the chair of the next meeting within a reasonable time after the meeting.
- (b) Minutes of the passing of a resolution without a meeting or the making of a declaration must be signed by a director within a reasonable time after the resolution is passed.

11.3 Minutes or resolutions as evidence

A minute or resolution that is recorded and signed in accordance with rules 11.1 and 11.2 is evidence of the proceeding, resolution or declaration to which it relates, unless the contrary is proved.

11.4 Minutes or resolutions as evidence

- (a) Subject to the Act, the directors may determine whether and to what extent, and at what time and places and under what conditions, the minute books, accounting records and other documents of the Company or any of them will be open to the inspection of members other than directors.
- (a) A person who is not a director does not have the right to inspect any of the board papers, books, records or documents of the Company, except as provided by law, or this constitution, or as authorised by the Board, or by resolution of the members.
- (b) The Company may enter into contracts with its directors or former directors agreeing to provide continuing access for a specified period after the director ceases to be a director to board papers, books, records and documents of the Company which relate to the period during which the director or former director was a director on such terms and conditions as the Board thinks fit and which are not inconsistent with this rule 11.
- (c) The Company may procure that its subsidiaries provide similar access to board papers, books, records or documents as that set out in rules 11.4(a) and 11.4(b).
- (d) This rule 11 does not limit any right the directors or former directors otherwise have.
- (e) Each member must provide the Company with such information as is required for the Company to administer all registers required to be kept by the Company in accordance with the Act. If events occur which would cause any information contained in a register maintained by the Company to be inaccurate, the member must notify the Company in writing of the change within 10 Business Days of such change occurring.

12. SEALS

12.1 Manner of execution

Without limiting the ways in which the Company can execute documents under the Act and subject to this constitution, the Company may execute a document if the document is signed by:

- (a) 2 directors; or
- (b) a director and a secretary; or
- (c) any other person authorised by the Board for that purpose.

12.2 Common seal

The Company may have a common seal. If the Company has a common seal, rules 12.3 to 12.7 apply.

12.3 Safe custody of Seal

The Board must provide for the safe custody of the Seal.

12.4 Using the Seal

Subject to rule 12.7 and unless a different procedure is decided by the Board, if the Company has a common seal any document to which it is affixed must be signed by:

- (a) 2 directors;
- (b) by a director and a secretary; or
- (c) a director and another person appointed by the Board to countersign that document or a class of documents in which that document is included.

12.5 Seal register

- (a) The Company may keep a Seal register and, on affixing the Seal to any document (other than a certificate for securities of the Company) may enter in the register particulars of the document, including a short description of the document.
- (b) The register, or any details from it that the Board requires, may be produced at meetings of the Board for noting the use of the Seal since the previous meeting of the Board.
- (c) Failure to comply with rules 12.5(a) or 12.5(b) does not invalidate any document to which the Seal is properly affixed.

12.6 Duplicate seals and certificate seals

- (a) The Company may have one or more duplicate seals for use in place of its common seal outside the state or territory where its common seal is kept. Each duplicate seal must be a facsimile of the common seal of the Company with the addition on its face of the words 'duplicate seal' and the name of the place where it is to be used.
- (b) A document sealed with a duplicate seal, or a certificate seal as provided in rule 12.7, is to be taken to have been sealed with the common seal of the Company.

12.7 Sealing and signing certificates

The Board may decide either generally or in a particular case that the Seal and the signature of any director, secretary or other person is to be printed on or affixed to any certificates for securities in the Company by some mechanical or other means.

13. NOTICES

13.1 Notices by the Company to members

- (a) Without limiting any other way in which notice may be given to a member under this constitution or the Act, the Company may give a notice to a member by:
 - (1) delivering it personally to the member;

- (2) sending it by prepaid post to the member's address in the register of members or any other address the member supplies to the Company for giving notices; or
 - (3) sending it by fax or other electronic means (including providing a URL link to any document or attachment) to the fax number or electronic address the member has supplied to the Company for giving notices.
- (b) The Company may give a notice to the joint holders of a share by giving the notice in the way authorised by rule 13.1(a) to the joint holder named first in the register of members for the share.
 - (c) The Company may give a notice to a person entitled to a share as a result of a Transmission Event by delivering it or sending it in the manner authorised by rule 13.1(a) addressed to the name or title of the person, to:
 - (1) the address, fax number or electronic address that person has supplied to the Company for giving notices to that person; or
 - (2) if that person has not supplied an address, fax number or electronic address, to the address, fax number or electronic address to which the notice might have been sent if that Transmission Event had not occurred.
 - (d) A notice given to a member under rules 13.1(a) or 13.1(b) is, even if a Transmission Event has occurred and whether or not the Company has notice of that occurrence:
 - (1) duly given for any shares registered in that person's name, whether solely or jointly with another person; and
 - (2) sufficiently served on any person entitled to the shares because of the Transmission Event.
 - (e) A notice given to a person who is entitled to a share because of a Transmission Event is sufficiently served on the member in whose name the share is registered.
 - (f) A person who, because of a transfer of shares, becomes entitled to any shares registered in the name of a member, is taken to have received every notice which, before that person's name and address is entered in the register of members for those shares, is given to the member complying with this rule 13.1.
 - (g) A signature to any notice given by the Company to a member under this rule 13.1 may be printed or affixed by some mechanical, electronic or other means.
 - (h) Where a member does not have a registered address or where the Company believes that member is not known at the member's registered address, all notices are taken to be:
 - (1) given to the member if the notice is exhibited in the Company's registered office for a period of 48 hours; and
 - (2) served at the commencement of that period,
 unless and until the member informs the Company of the member's address.

13.2 Notices by the Company to directors

The Company may give a notice to a director by:

- (a) delivering it personally to him or her;
- (b) sending it by prepaid post to his or her usual residential or business address, or any other address he or she has supplied to the Company for giving notices; or
- (c) sending it by fax or other electronic means to the fax number or electronic address he or she has supplied to the Company for giving notices.

13.3 Notices by directors to the Company

A director may give a notice to the Company by:

- (a) delivering it to the Company's registered office;
- (b) sending it by prepaid post to the Company's registered office; or
- (c) sending it by fax or other electronic means to the principal fax number or electronic address at the Company's registered office.

13.4 Time of service

- (a) A notice from the Company properly addressed and posted is taken to be served at 10.00am on the day after the date it is posted.
- (b) A certificate signed by a secretary or officer of the Company to the effect that a notice was duly posted under this constitution is conclusive evidence of that fact.
- (c) Where the Company sends a notice by fax, the notice is taken as served at the time the fax is sent if the correct fax number appears on the facsimile transmission report produced by the sender's fax machine.
- (d) Where the Company sends a notice by electronic transmission, the notice is taken as served at the time the electronic transmission is sent.
- (e) Where the Company gives a notice to a member by any other means permitted by the Act relating to the giving of notices and electronic means of access to them, the notice is taken as given at 10.00am on the day after the date on which the member is notified that the notice is available.
- (f) Where a given number of days' notice or notice extending over any other period must be given, the day of service is not to be counted in the number of days or other period.

13.5 Other communications and documents

Rules 13.1 to 13.4(inclusive) apply, so far as they can and with any necessary changes, to serving any communication or document.

13.6 Written notices

A reference in this constitution to a written notice includes a notice given by fax or other electronic means. A signature to a written notice need not be handwritten.

14. GENERAL

14.1 Submission to jurisdiction

Each member submits to the non-exclusive jurisdiction of the Supreme Court of the state or territory in which the Company is taken to be registered for the purposes of the Act, the Federal Court of Australia and the courts which may hear appeals from those courts.

14.2 Prohibition and enforceability

- (a) Any provision of, or the application of any provision of, this constitution which is prohibited in any place is, in that place, ineffective only to the extent of that prohibition.
- (b) Any provision of, or the application of any provision of, this constitution which is void, illegal or unenforceable in any place does not affect the validity, legality or

enforceability of that provision in any other place or of the remaining provisions in that or any other place.

Annexure 5 – HoldCo Shareholders' Deed

Shareholders' deed

PGL HoldCo Limited
Company

Clayton Utz
Level 15 1 Bligh Street
Sydney NSW 2000
GPO Box 9806
Sydney NSW 2001
Tel +61 2 9353 4000
Fax +61 2 8220 6700
www.claytonutz.com

Our reference 13530/22150/81036384

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Shareholders' deed

Date

Parties PGL HoldCo Limited ACN 673 816 816 of C/- Ironbridge Level 32, 264-278
George Street, Sydney NSW 2000 (Company)

Each **Shareholder** (including the **Consortium Shareholders**, **Direct Shareholders**, **Nominee** and **Appointing Beneficiaries**) from time to time.

Background

- A. On 26 February 2024, Salkbridge Pty Ltd ACN 675 264 356 (**Bidder**), a wholly-owned Subsidiary of the Company, and the Company entered into a Scheme Implementation Deed (**Scheme Implementation Deed**) with Prospa Group Limited (ABN 13 625 648 722) (**Prospa**), an Australian public company listed on the ASX, to acquire all of the ordinary shares in Prospa not already owned or controlled by the Consortium Shareholders or Bidder by means of a scheme of arrangement under Part 5.1 of the Corporations Act (**Scheme**).
- B. The consideration offered by Bidder to Prospa shareholders in the Scheme is either the cash consideration or the scrip consideration, at the election of Prospa shareholders, with the scrip consideration being 1 fully paid ordinary share in the Company for every 1 Prospa share held by a Prospa shareholder (as at record date of the Scheme), electing to receive scrip consideration in accordance with the Scheme.
- C. Under the Scheme, shareholders of Prospa who elect to receive scrip consideration agree to be bound by this deed.
- D. On or prior to the date of this deed, the Company adopted an amended and restated constitution which, among other things, sets forth the rights, entitlements, liabilities and obligations attached to the Shares (**Constitution**).
- E. This deed sets out provisions which regulate the rights and obligations of the Shareholders in relation to the Group.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this deed:

Acceptance Period means in the case of a first offer made under clause 3.6 or 8.3, within 20 Business Days of the date of the offer.

Accepted Securities has the meaning given in clause 8.5(e).

Accepting Shareholder has the meaning given in clause 8.4.

Accession Deed Poll means a deed substantially in the form attached as Attachment 1.

Alternate Director means an alternate Director appointed under clause 9.6.

Appointer in respect of a Representative Director, means the Shareholder that appointed the Director in accordance with clause 9.1.

Appointing Beneficiary means each person noted on the Trusts Register as the holder of the beneficial interest in the Beneficial Shares (and other bare trust property) held by the Nominee under a bare trust.

Associate has the meaning given in sections 12 and 15 of the Corporations Act.

Auditor means the person appointed from time to time to the office of auditor of the Group Companies.

Board means the board of directors of the Company as constituted from time to time.

Beneficial Shares means, in relation to an Appointing Beneficiary, the Shares registered in the name of the Nominee in which that Appointing Beneficiary has a beneficial interest.

Business means the business of providing loans and financial technology products to Australian and New Zealand small businesses carried on by the Group Companies as varied from time to time in accordance with this deed.

Business Day means a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Sydney, New South Wales.

Business Plan and Budget means the business plan and budget for the Group Companies referred to in clause 13.3, as may be varied or replaced from time to time approved in accordance with this deed.

Chairperson means the chairperson of the Board from time to time appointed in accordance with clause 9.2.

Change of Control means, in relation to a Shareholder:

- (a) if the Shareholder comes under the Control of a person (acting alone or together with its Associates) who did not Control the Shareholder on the date on which the Shareholder first became party to this deed; or
- (b) if a person (acting alone or together with its Associates) who was in Control of the Shareholder on the date the Shareholder first became party to this deed stops having Control of the Shareholder,

other than as a result of:

- (c) a restructure of the Shareholder or any Related Entity of the Shareholder that does not change the Ultimate Holding Company of the Shareholder;
- (d) a transfer or issue of any securities listed on any recognised stock or securities exchange; or
- (e) a Permitted Transfer or Nominee Transfer.

Change of Control Shareholder has the meaning given in clause 6.1.

Confidential Information means:

- (a) all information relating to the operations or affairs of any Group Company including all financial or accounting information, all customer names and lists, terms and conditions of supply, sales records, marketing analysis, research and reports and other marketing information and all trade secrets, know how, operating procedures and technical information;
- (b) all other information treated by any Group Company as confidential or capable of being protected at law or in equity as confidential information or the disclosure of

which might cause loss or damage to or otherwise adversely affect any Group Company; and

- (c) all negotiations and discussions between the parties in relation to the Business or this deed,

in whatever form and in each case includes information that has been disclosed by a Group Company or its Representatives to the other parties or their Representatives under the terms of a confidentiality agreement, other than Excluded Information.

Constitution means the constitution of the Company, as amended from time to time.

Consortium Shareholders means:

- (a) Tubbin Investments Pty Ltd as trustee for the Ruddock Family Trust, amongst others;
- (b) GRIM Enterprises Pty Ltd;
- (c) Grangeford Holdings Pty Ltd as trustee for Grangeford Investment Trust;
- (d) Jaspar Investments Pty Ltd as trustee for Jaspar Discretionary Family Trust; and
- (e) Salter Brothers Asset Management Pty Ltd as trustee for the Salter Brothers Tech Trust No.1,

with each being a **Consortium Shareholder**.

Control in relation to an entity (as defined in section 9 of the Corporations Act), has the meaning given in section 50AA of the Corporations Act as if section 50AA(4)(b) were replaced with the words "only has that capacity as a result of acting as the bare trustee for another person", and "**Controlled**" has a corresponding meaning.

Corporations Act means the Corporations Act 2001 (Cth).

Direct Holding Notice has the meaning given in clause 5.4(c) of the Scheme.

Direct Shareholder means any person who becomes a registered holder of Shares by issuing a valid Direct Holding Notice to the Company in accordance with clause 5.4(c) of the Scheme.

Directed Breach has the meaning given in clause 16.9(d).

Director means a director of the Company from time to time.

Dispose in relation to a person and any property means:

- (a) to sell, offer for sale, transfer, assign, swap, surrender, gift, create or allow to exist an Encumbrance, option or trust over or otherwise deal with or dispose of that property (or any legal or beneficial interest in it or part of it);
- (b) to do anything which has the effect of placing a person in substantially the same position as if that person had done any of the things specified in paragraph (a); or
- (c) authorise, or agree conditionally or otherwise to do, any of the things referred to in paragraph (a),

and **Disposal** has a corresponding meaning.

Dispute Notice has the meaning given in clause 19.2.

Disputing Party has the meaning given in clause 19.2.

Drag Along Majority means Shares representing 70% or more of the issued share capital of the Company.

Drag Along Sale Notice has the meaning given in clause 4.1.

Drag Along Sale Offer has the meaning given in clause 4.1.

Drag Along Sale Terms has the meaning given in clause 4.2(c).

Drag Along Seller has the meaning given in clause 4.1.

Encumbrance means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

Excluded Information means information that:

- (a) is in or comes into the public domain, other than as a result of breach of this deed or a breach by any person of an obligation of confidence;
- (b) a party can prove was made available to it by a person with no connection to any Group Company or their Representatives and who is not under any obligation of confidence in respect of that information;
- (c) a party can prove was, at the time any Group Company or their Representatives made it available to that party:
 - (i) already known to that party other than as a result of breach by any person of an obligation of confidence; and
 - (ii) not held by that party subject to an obligation of confidence.

Expense has the meaning given in clause 16.1(a).

Fair Market Value means, in relation to any Shares, the fair market value of those Shares determined in accordance with clause 6.4.

Financial Year means, in relation to the Company, the period ending on 30 June, or any other period for a financial year as may be determined by the Directors in accordance with section 323D of the Corporations Act.

Group Company means the Company and each of its Subsidiaries.

GST Act means the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Guarantee means any guarantee, bond, security deposit, letter of credit or suretyship or any other obligation to pay, purchase or provide funds (whether by the advance of money, the purchase of or subscription for shares or other securities, the purchase of assets or services, or otherwise) for the payment or discharge of, to indemnify against the consequences of default in the payment of, or otherwise be responsible for, any indebtedness of, obligation of, liability of or the insolvency of any other person.

Holding Company means, in relation to a body corporate, a body corporate of which the first body corporate is a Subsidiary.

Implementation Date means the date of implementation of the Scheme.

IPO means an initial public offering of Securities, or securities of any special purpose vehicle which becomes the Holding Company of the Company, in conjunction with the admission or quotation of those securities to the list or quotation system of any recognised stock or securities exchange.

Issue Price has the meaning given in clause 8.3(b).

Issue Request Notice has the meaning given in clause 8.3.

Nominee means an independent third party trustee company appointed by the Company under clause 16.2 to hold Shares on bare trust pursuant to the terms of the Nominee Deed and clause 16.

Nominee Deed means the nominee deed to be entered into between the Company, the Nominee and each Appointing Beneficiary, substantially in the form set out in Schedule 3 (subject to any changes reasonably required by the Nominee in accordance with its usual business practices and accepted by the Company).

Nominee Indemnity Provisions has the meaning given in clause 16.1(b).

Nominee Transfer means a transfer of legal title to Shares:

- (a) by a Shareholder to the Nominee to be held under a bare trust, either at the request of the Board or with the prior written consent of the Board (subject to a Shareholders' rights under clause 16.7(b));
- (b) in connection with the replacement of the Nominee in accordance with the Nominee Deed; or
- (c) by the Nominee to an Appointing Beneficiary if the Nominee is required to do so under this Deed or the transfer otherwise has the approval of the Board.

Notice Details has the meaning given in clause 25.6.

Obligations has the meaning given in clause 16.1(d).

Observer means a person appointed by a Shareholder in accordance with clause 9.5 to attend and observe at meetings of the Board.

Offer Securities has the meaning given in clause 8.2.

Other Parties has the meaning given in clause 19.2.

Overhead Cost has the meaning given in clause 16.1(e).

Permitted Transfer means a transfer pursuant to clause 3.4.

Permitted Transferee means:

- (a) in relation to a Shareholder that is a corporation: a Related Entity of that Shareholder;
- (b) in relation to a Shareholder that is an individual: a Relative or Related Entity of that Shareholder; and
- (c) in relation to a Shareholder that holds Shares as trustee for an individual: that individual; a trustee who will hold Shares for that individual; or a Related Entity of that individual; and

- (d) in relation to a Consortium Shareholder: each other Consortium Shareholder (and each entity that is a Permitted Transferee under a paragraph above of that other Consortium Shareholder).

PPSA means the Personal Property Securities Act 2009 (Cth).

Pre-Emptive Offer means an offer made in accordance with clause 8.3.

Prospera means Prospera Group Limited ABN 13 625 648 722.

Purchased Securities has the meaning given in clause 3.8(e).

Purchase Request Notice has the meaning given in clause 3.7.

Purchasing Shareholder has the meaning given in clause 3.7.

Qualified Buyer means any person other than a person on the "Consolidated List" maintained by the Australian government under Australia sanctions laws.

Recipient has the meaning given in clause 24.3.

Regulatory Authority means:

- (a) any government or local authority and any department, minister or agency of any government; and
- (b) any other authority, agency, commission or similar entity having powers or jurisdiction under any law or regulation or the listing rules of any recognised stock or securities exchange.

Related Entity of a corporation means:

- (a) a related body corporate of that corporation within the meaning of section 50 of the Corporations Act; and
- (b) a trustee of any trust in relation to which that corporation, or any corporation referred to in paragraph (a), directly or indirectly:
- (i) controls the right to appoint the trustee;
 - (ii) is in a position to control the casting of, more than one half of the maximum number of votes that might be cast at a meeting of holders of units in the trust; or
 - (iii) holds or is in a position to control the disposal of more than one half of the issued units of the trust,

and of an individual means:

- (c) a trustee of any trust in relation to which that individual, a Relative of that individual, and, or, a professional trustee is the trustee (or the individual and, or a Relative of that individual, controls the right to appoint the trustee) and where the individual, Relatives of the individual, and, or a corporation controlled by any of them, are the principal beneficiaries of that trust; or
- (d) a corporation which that individual and, or, a Relative of that individual controls and where the individual, Relatives of the individual, and, or a trustee in its capacity of a trust referred to in paragraph (b), hold the beneficial interests in its shares.

Relative means, in relation to an individual:

- (a) the spouse, parent, son, daughter, brother or sister of that individual; or
- (b) any person married to any of the persons specified in paragraph (a).

Relevant Trust has the meaning given in clause 16.1(f).

Representative means, in relation to a party, all officers, employees, professional advisers, agents and attorneys of the party and its Related Entities.

Representative Director means a person appointed by a Shareholder as a Director in accordance with clause 9.1(a).

Sale Completion Date has the meaning given in clause 3.10.

Sale Notice has the meaning given in clause 3.6.

Sale Securities has the meaning given in clause 3.5(a).

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Prospa and certain of its shareholders.

Securities means:

- (a) the Shares; and
- (b) any other securities of the Company within the meaning of section 92(3) of the Corporations Act;
- (c) an incentive right within the meaning of section 1100M of the Corporations Act over or in relation to a share in the Company.

Security Interest has the meaning given in section 12 of the PPSA.

Seller has the meaning given in clause 3.5.

Share means a fully paid ordinary share in the capital of the Company having the rights and restrictions attaching to it set out in the Constitution.

Shareholder means:

- (a) each Consortium Shareholder;
- (b) each Direct Shareholder;
- (c) each person who becomes a registered holder of Shares (and who must therefore have become a party to this deed by duly executing and delivering an Accession Deed Poll in accordance with clause 3.13); and
- (d) for the purposes of clauses 9.1, 9.4(b), 9.5 and 13.2(b), each Consortium Shareholder together as if each of their holdings of Shares were aggregated,

and, pursuant to clause 16, for the purposes of this Deed will be interpreted as including each Appointing Beneficiary (and excluding the Nominee) as provided for in that clause.

Subsidiary has the meaning given in section 9 of the Corporations Act.

Supplier has the meaning given in clause 24.3.

Surviving Clauses means clauses 1, 15, 16, 17, 18, 20, 21 and 22.

Tag Along Position means Shares representing 10% or more of the issued share capital of the Company.

Tag Along Notice has the meaning given in clause 5.3.

Tag Along Sale Notice has the meaning given in clause 5.1.

Tag Along Sale Offer has the meaning given in clause 5.1.

Tag Along Sale Proportion has the meaning given in clause 5.2(b).

Tag Along Sale Terms has the meaning given in clause 5.2(d).

Tag Along Seller has the meaning given in clause 5.1.

Tax means any tax, levy, excise, duty, charge, surcharge, contribution, withholding tax, impost or withholding obligation of whatever nature, whether direct or indirect, by whatever method collected or recovered, together with any fees, penalties, fines, interest or statutory charges.

Transfer Notice has the meaning given in clause 3.5.

Transfer Price has the meaning given in clause 3.5(b).

Trusts Register means the register of Bare Trusts established and maintained under the Nominee Deed.

Trusts Register Details means the details pertaining to Appointing Beneficiaries as described in the Nominee Deed.

Ultimate Holding Company has the meaning given in section 9 of the Corporations Act.

Warranties means the warranties set out in Schedule 2.

1.2 Inconsistency with Constitution

If there is any inconsistency between this deed and the Constitution or other governing document of a Group Company:

- (a) the provisions of this deed prevail to the extent of the inconsistency; and
- (b) on receipt of a request from any party, each party must, to the extent permitted by law, take all steps necessary to amend the Constitution or other governing document of a Group Company to remove that inconsistency.

1.3 Business Days

If the day on which any act to be done under this deed is a day other than a Business Day, that act must be done on or by the immediately preceding Business Day except where this deed expressly specifies otherwise.

1.4 General rules of interpretation

In this deed headings are for convenience only and do not affect interpretation of this Deed. Unless the contrary intention appears, in this Deed:

- (a) words importing the singular includes the plural (and vice versa), and words indicating a gender includes every other gender;

- (b) a reference to a document includes any agreement or other legally enforceable arrangement (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to any document (including this Deed) is to that document as varied, notated, ratified or replaced from time to time;
- (d) the meaning of general words is not limited by specific examples introduced by words like "including", "for example", "such as" or similar expressions;
- (e) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (f) a reference to a **"person"** includes an individual, the estate of an individual, a corporation, a Regulatory Authority, an incorporated or unincorporated association or parties in a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (g) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (h) a reference to a document or provision of a document is to that document or provision as varied, novated, ratified or replaced from time to time;
- (i) a reference to a party, clause, schedule, exhibit, attachment or annexure is a reference to a party, clause, schedule, exhibit, attachment or annexure to or of this deed, and a reference to this deed includes all schedules, exhibits, attachments and annexures to it;
- (j) a reference to this deed is to this deed as varied, novated, ratified or replaced from time to time;
- (k) a reference to a time of day is a reference to Sydney, New South Wales time;
- (l) a reference to **"dollar"**, **"\$"** or **"A\$"** is a reference to the currency of Australia;
- (m) a reference to **"law"** includes common law, principles of equity and legislation (including regulations);
- (n) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (o) a reference to **"regulations"** includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);
- (p) a reference to an agency or body if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or function removed (**obsolete body**), means the agency or body which performs most closely the functions of the obsolete body;
- (q) a reference to a statute includes any regulations or other instruments made under it (**delegated legislation**) and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;
- (r) unless a contrary intention appears, a reference to a person Disposing of any Shares, includes disposing of a beneficial interest in any of those Shares and

instructing any trustee or other nominee (including the Nominee) to Dispose of a legal and/or beneficial interest in any of those Shares;

- (s) a reference to anything (including an amount) is a reference to the whole and each part of it provided that satisfaction of only part of an obligation (including payment of part of an amount) will not satisfy any obligation to pay the full amount;
- (t) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (u) if a party must do something under this deed on or by a given day and it is done after 5.00pm on that day, it is taken to be done on the next day;
- (v) if the day on which a party must do something under this deed is not a Business Day, the party must do it on the next Business Day; and
- (w) this deed must not be construed adversely to a party just because that party prepared it or caused it to be prepared.

1.5 Calculations

- (a) If any calculation relating to the issue or transfer of Securities under this deed results in a number that is, or includes, a fraction, that fraction will be rounded upwards or downwards to the nearest whole number as may be required to ensure that the aggregate number of Securities issued or transferred does not exceed the aggregate number of Sale Securities or Offer Securities, as the case may be.
- (b) Unless otherwise stated in this deed, calculations relating to Securities to be Disposed of, acquired or issued pursuant to processes described in this deed will be performed by the Company.
- (c) If another clause in this deed is expressed to be subject to this clause 1.5(c) and the share capital of the Company is reorganised (including through split or consolidation) the Company, acting reasonably, may adjust the number of Shares referred to in that clause to account for the effect of that reorganisation.

2. Preliminary matters

2.1 Effectiveness

This deed takes effect on and from implementation of the Scheme on the Implementation Date.

2.2 Objectives

Each party agrees that its primary objectives in entering into this deed are:

- (a) for the Group Companies to carry on the Business as varied from time to time in accordance with this deed; and
- (b) for each Group Company to maximise growth in profitability to achieve attractive returns for the Shareholders over the long term.

2.3 Exercise of power

Each Shareholder must:

- (a) comply with and give full force and effect to this deed and its intent;

- (b) use all reasonable endeavours to procure that each Group Company complies with and gives full force and effect to this deed and its intent;
- (c) use all reasonable endeavours to procure that each Group Company carries on the Business in accordance with the Business Plan and Budget;
- (d) cooperate with each other Shareholder in relation to all matters concerning the affairs and activities of each Group Company; and
- (e) ensure that it does not unreasonably delay in taking any action, giving any approval or direction or making any determination or decision required by it under this deed.

For the purposes of this clause 2.3, a Shareholder's reasonable endeavours include the exercise of its voting rights it directly or indirectly controls at general meetings of the Company and, to the extent permitted by law, the exercise of voting rights it directly or indirectly controls at meetings of the Board.

2.4 Relationship

By entering into this deed the parties do not intend to create, and this deed does not create, any relationship of employment, agency, partnership, trust or any other relationship of a fiduciary nature. Unless this deed expressly provides otherwise, no party has the power to incur any obligation or liability on behalf of, or to pledge the credit of, any other party.

3. Disposal of Shares

3.1 Intention of parties

The parties' intention under this clause 3 is to ensure that each Shareholder gives each other Shareholder an opportunity to acquire any legal or beneficial interest in any Shares before that party gives any other person, who is not party to this deed, an opportunity to acquire that interest, other than as set out in this clause 3. Accordingly, each party:

- (a) must not employ, or permit any of its Related Entities to employ, any alternative structuring device or technique or participate in any transaction designed to circumvent this intention;
- (b) to the extent permitted by law, must take all actions within its control to ensure that:
 - (i) any Disposal of any Shares which complies with the provisions of this clause 3 is registered in the statutory registers of the Company; and
 - (ii) any purported Disposal of any Shares which does not comply with the provisions of this clause 3 is not registered in the statutory registers of the Company and is of no force and effect; and
- (c) must ensure that any share certificates issued by the Company state that the Shares represented by the certificate are subject to the restrictions on Disposal set out in this deed and the Constitution.

3.2 Small Holdings Sales

Other than as permitted by clause 3.4 and subject to clause 16.2(b), a Shareholder may Dispose of an amount of Shares up to 1,000,000 Shares (subject to clause 1.5(c)), to any person in one or multiple transactions during any twelve-month period (a **Small Holdings Sale**) without being required to comply with clauses 3.5 to 3.12. Any such Small Holdings Sale must comply with clause 3.13.

3.3 Permitted Disposals

A Disposal of Shares may only occur if:

- (a) the Disposal of the Shares is a Small Holdings Sale as permitted by clause 3.2;
- (b) the Disposal of the Shares is permitted or required under clause 3.4;
- (c) the Disposal of the Shares is made in accordance with clauses 3.5 to 3.12;
- (d) the Disposal of the Shares is made in accordance with clauses 4 or 5; or
- (e) the Disposal of the Shares is made in accordance with clause 6.3; or
- (f) the Disposal is required by order or judgment of any court of competent jurisdiction, and such Disposal is made pursuant to that order or judgment,

and the Disposal complies with clause 3.13. Nothing in this clause 3 restricts a Nominee Transfer under clause 16.12.

3.4 Permitted transfers

A Shareholder may transfer all of its entire legal and beneficial interest in any Shares it holds to a person who is, at the time of the transfer, a Permitted Transferee of that Shareholder (**Permitted Holder**). If, at any time, a Permitted Holder ceases to be a Permitted Transferee of the transferring Shareholder, that Shareholder must procure that the Permitted Holder, immediately upon it ceasing to be a Permitted Transferee, transfers its entire legal and beneficial interest in the Shares back to:

- (a) that Shareholder; or
- (b) another Permitted Transferee of that Shareholder.

Any Disposal pursuant to this clause 3.4 must comply with clause 3.13.

3.5 Transfer notice

Where a Shareholder wishes to Dispose of any of its Shares in a transaction which is not otherwise made in accordance with clause 3.3 (**Seller**) it must first give a notice to the Company (**Transfer Notice**). A Transfer Notice:

- (a) must specify the number and class of Shares offered for sale (**Sale Securities**);
- (b) must specify the proposed price of each Sale Security which must be a cash price denominated in Australian dollars (**Transfer Price**);
- (c) must specify the other terms of sale of the Sale Securities which must be consistent with clause 3.11;
- (d) must (except where held by the Nominee) be accompanied by any original share certificates, or duplicate share certificates issued by the Company together with duly executed indemnities for any lost share certificates, for the Sale Securities;
- (e) may only be withdrawn with the consent of Shareholders holding 90% of the Shares; and
- (f) authorises the Company to act as exclusive agent of the Seller in connection with the sale of the Sale Securities to all or any of the other Shareholders on the terms specified in the Transfer Notice.

If a Seller withdraws a Transfer Notice, no Disposal of Shares may occur pursuant to the withdrawn notice and the Seller must issue a new Transfer Notice (and follow the process in clauses 3.5 to 3.12 pursuant to that new notice) before it may Dispose of Shares pursuant to those clauses.

3.6 Sale notice

The Company must within 10 Business Days of the date on which a Transfer Notice is received give a notice to each Shareholder other than the Seller (**Sale Notice**) inviting that Shareholder to acquire some or all of the Sale Securities pursuant to the process set out in clauses 3.5 to 3.12.

3.7 Acceptance of offer

Each Shareholder that wishes to accept an offer made pursuant to a Sale Notice (each a **Purchasing Shareholder**) must give notice to the Company within the relevant Acceptance Period stating the number of Sale Securities it wishes to purchase (**Purchase Request Notice**).

3.8 Allocation of Sale Securities

- (a) If the total number of Sale Securities that the Purchasing Shareholders wish to purchase according to all Purchase Request Notices received within the Acceptance Period is equal to or less than the total number of Sale Securities, then each Purchasing Shareholder will be allocated the number of Sale Securities specified in its Purchase Request Notice.
- (b) If the total number of Sale Securities that the Purchasing Shareholders wish to purchase according to all Purchase Request Notices within the Acceptance Period is greater than the aggregate number of Sale Securities, then, subject to clause 3.8(c), each Purchasing Shareholder will be allocated such number of Sale Securities as is equal to N in the following formula:

$$\frac{PNS}{TNS} \times SS = N$$

where:

SS is the total number of Sale Securities;

PNS is the number of Securities held by the Purchasing Shareholder before service of the Sale Notice; and

TNS is the total number of Securities held by all Purchasing Shareholders immediately before service of the Sale Notice.

- (c) Any remaining Sale Securities that have not been allocated after the application of the preceding clauses are, subject to clause 3.8(d), to be allocated to the Purchasing Shareholders who have been allocated less than the number of Sale Securities which those Purchasing Shareholders have offered to acquire as follows:

$$\frac{PNS}{TNS} \times RNS = N$$

where:

PNS means the number of Securities held by the Purchasing Shareholder immediately before service of the Sale Notice;

TNS means the number of Shares held immediately before the service of the Transfer Notice by all Purchasing Shareholders who have been allocated less than the number of Sale Securities indicated in their respective Purchase Request Notices;

RNS means the total number of remaining Sale Securities; and

N means the number of remaining Sale Securities to be allocated to the Purchasing Shareholder,

and the Company must repeat the application of the above formula until all Sale Securities are allocated.

- (d) If the number of Sale Securities to be acquired by a Purchasing Shareholder calculated by applying the preceding clauses is more than the number of Sale Securities which the Purchasing Shareholder has offered to acquire in its Purchase Request Notice, then that Purchasing Shareholder will be allocated only the number of Sale Securities it has offered to acquire.
- (e) As soon as reasonably practicable after the determination of the entitlements of each Purchasing Shareholder under this clause 3.8, the Company must send to each Shareholder a notice setting out the number of Sale Securities that each Purchasing Shareholder is required to acquire as determined in accordance with this clause 3.8 (**Purchased Securities**). If there are more than one class of Sale Securities, each Purchasing Shareholder will be allocated Sale Securities of each relevant class in the same proportions as they are held by the Seller.

3.9 Result of offer process

If following completion of the offer process set out in clause 3.6 to 3.8 the Company:

- (a) has not received acceptances from Purchasing Shareholders for all of the Sale Securities, the Seller must sell and each Purchasing Shareholder must buy the Purchased Securities and clause 3.12 applies in respect of any remaining Sale Securities; or
- (b) has received acceptances from Purchasing Shareholders for all of the Sale Securities, the Seller must sell and each Purchasing Shareholder must buy the Purchased Securities.

3.10 Completion of sale

Completion of the sale and purchase of Purchased Securities to a Purchasing Shareholder must take place after completion of the offer process set out in clauses 3.6 to 3.8 at a date and place specified by the Company, and prior to that date the Company (as agent for the relevant Seller) must receive payment in full from the Purchasing Shareholder of the Transfer Price for its Purchased Securities, which payment will be good discharge of the Purchasing Shareholder's obligation to the Seller to pay for the Purchased Securities (**Sale Completion Date**).

3.11 Completion obligations

On the Sale Completion Date:

- (a) the Seller must sell and each Purchasing Shareholder must buy the Purchased Securities free from all Encumbrances on the terms set out in the Sale Notice;
- (b) the Seller must deliver to each Purchasing Shareholder completed transfers of the Purchased Securities duly executed by the Seller as transferor;

- (c) the Seller must deliver to each Purchasing Shareholder a notice irrevocably appointing that Purchasing Shareholder as the Seller's proxy in respect of the Purchased Securities until those Purchased Securities are registered in the name of that Purchasing Shareholder; and
- (d) the Company must pay to the Seller all monies received by the Company from the Purchasing Shareholder in payment of the Transfer Price for the Purchased Securities.

3.12 Sale to Qualified Buyer

At any time within 90 Business Days after completion of the offer process set out in clauses 3.6 and 3.8, the Seller may (but is not obliged to) offer to sell some or all of those Sale Securities not accepted by the Shareholders to a Qualified Buyer at a price per Sale Security equal to the Transfer Price and otherwise on terms no more favourable to the Qualified Buyer than the terms set out in the Sale Notice. Any Disposal pursuant to this clause 3.12 must comply with clause 3.13. If the Seller does not sell Sale Securities not accepted by the other Shareholders to a Qualified Buyer in accordance with this clause 3.12 it may not Dispose of the Sale Securities without again complying with the provisions of this deed.

3.13 Accession Deed Poll

- (a) After the Implementation Date:
 - (i) the Company may only register a person as a holder of any Securities if that person executes, and delivers to the Company, an Accession Deed Poll; and
 - (ii) the Company may only register the Nominee as a holder of any Shares on behalf of a proposed Appointing Beneficiary if the proposed Appointing Beneficiary executes, and delivers to the Company, an Accession Deed Poll,

provided that this clause 3.13(a) does not apply if the person or Appointing Beneficiary is already bound by this deed.
- (b) If this deed requires a transaction to comply with this clause 3.13 and 3.13(a) applies to that transaction, this deed requires the proposed acquirer of Securities (including an Appointing Beneficiary) to execute and deliver to the Company an Accession Deed Poll before the proposed acquirer (or the Nominee) may be registered as holder of those Securities.
- (c) If after the Implementation Date a person who is not a Consortium Shareholder or person already then bound by this deed becomes a holder of Securities (including an Appointing Beneficiary who becomes a holder by virtue of clause 16.5 or a Direct Shareholder), otherwise than as a result of a breach of this deed, and that person executes, and delivers to the Company, an Accession Deed Poll, the parties accept that person as a party to this deed.
- (d) The Company may waive the execution and delivery to the Company of an Accession Deed Poll in respect of the registration of a person as a holder of Securities which are not Shares in its discretion.

3.14 Priority of exit provisions

Unless the Company otherwise agrees, a Transfer Notice may not be given by a Shareholder after the date on which:

- (a) it receives a Drag Along Sale Notice; or

- (b) it receives a Tag Along Sale Notice,

and additionally any Disposal process in progress under clauses 3.2, 3.4 or 3.5 to 3.11 on any of those dates must be abandoned.

4. Drag along

4.1 Drag along events

Within 10 Business Days of the date on which one or more Shareholders that hold a Drag Along Majority (**Drag Along Sellers**):

- (a) make a bona fide offer in writing on arm's length terms to a Qualified Buyer, who is not a Relative or a Related Entity of a Drag Along Seller (including any offer made to a Qualified Buyer under clause 3.12) offering to sell all of the Shares on issue and the Qualified Buyer has confirmed in writing to the Drag Along Sellers that it wishes to accept the offer; or
- (b) receive a bona fide offer in writing on arm's length terms from a Qualified Buyer, who is not a Relative or a Related Entity of a Drag Along Seller, offering to buy all of the Shares on issue and the Drag Along Sellers have confirmed in writing to the Qualified Buyer that it wishes to accept the offer,

(each a **Drag Along Sale Offer**) the Drag Along Sellers must give notice of the Drag Along Sale Offer to each other Shareholder (**Drag Along Sale Notice**), with a copy to the Company.

4.2 Contents of Drag Along Sale Notice

A Drag Along Sale Notice:

- (a) must confirm the intention of the Drag Along Sellers to proceed to complete the Drag Along Sale Offer;
- (b) must specify the willingness of the Qualified Buyer to buy all of the Shares held by each Shareholder;
- (c) must specify the proposed sale price for each Share which must be a cash price denominated in Australian dollars and specify the other material terms and conditions of the Drag Along Sale Offer (**Drag Along Sale Terms**);
- (d) must specify the proposed settlement date of the Drag Along Sale Offer;
- (e) must specify the name of the proposed Qualified Buyer, including details of any Ultimate Holding Company of the Qualified Buyer;
- (f) must require the Shareholder to sell to the Qualified Buyer all of its Shares at the same time as the sale by the Drag Along Sellers of all of their Shares to the Qualified Buyer and on the same terms as the Drag Along Sale Terms; and
- (g) may only be withdrawn with the consent of Shareholders holding 90% of the Shares.

If a Drag Along Seller withdraws a Drag Along Notice, no Disposal of Shares may occur pursuant to the withdrawn notice and the Drag Along Seller must issue a new Drag Along Sale Notice (and follow the process in this clause 4 pursuant to that new notice) before it may Dispose of Shares pursuant to this clause 4.

4.3 Effect of Drag Along Sale Notice on Shareholders

On the settlement date of the Drag Along Sale Offer:

- (a) each Shareholder that receives a Drag Along Sale Notice must:
 - (i) sell to the Qualified Buyer all of its Shares at the same time as the sale by the Drag Along Seller of all of its Shares to the Qualified Buyer and on the same terms as the Drag Along Sale Terms; and
 - (ii) do all things necessary, and execute all documents as are reasonably required by the Drag Along Seller or the Qualified Buyer, to effect the transaction contemplated by the Drag Along Sale Notice; and
- (b) the Drag Along Seller may only sell its Shares to the Qualified Buyer if the Qualified Buyer simultaneously purchases from each other Shareholder all of that Shareholder's Shares on the same terms as the Drag Along Sale Terms.

4.4 Power of attorney

Each Shareholder irrevocably appoints the Company as its attorney in accordance with clause 22.1 to perform its obligations under this clause 4.

5. Tag along

5.1 Tag offer

Within 10 Business Days of the date on which one or more Shareholders that hold a Tag Along Position (**Tag Along Seller**):

- (a) make a bona fide offer in writing on arm's length terms to a Qualified Buyer, who is not a Relative or a Related Entity of the Tag Along Seller offering to sell Shares collectively representing a Tag Along Position and the Qualified Buyer has confirmed in writing to the Tag Along Seller that it wishes to accept the offer; or
- (b) receive a bona fide offer in writing on arm's length terms from a Qualified Buyer, who is not a Relative or a Related Entity of the Tag Along Seller, offering to buy Shares representing a Tag Along Position and the Tag Along Seller has confirmed in writing to the Qualified Buyer that it wishes to accept the offer,

(each a **Tag Along Sale Offer**) the Tag Along Seller must give notice of the Tag Along Sale Offer to each other Shareholder (**Tag Along Sale Notice**), with a copy to the Company. Notwithstanding the preceding, the Tag Along Seller is not required to give a Tag Along Sale Notice in respect of Shares it is permitted to sell pursuant to clause 3.12.

5.2 Contents of Tag Along Sale Notice

A Tag Along Sale Notice:

- (a) must confirm the intention of the Tag Along Seller to proceed to complete the Tag Along Sale Offer;
- (b) must specify the number and class of Shares the Tag Along Seller wishes to sell and the proportion which those Shares represent of all of the Shares held by the Tag Along Seller (**Tag Along Sale Proportion**);
- (c) must specify the willingness of the Qualified Buyer to buy up to the Tag Along Sale Proportion (calculated as at the date of the Tag Along Sale Notice) of all Shares held by each Shareholder;

- (d) must specify the proposed sale price for each Share which must be a cash price denominated in Australian dollars and specify the other material terms and conditions of the Tag Along Sale Offer (**Tag Along Sale Terms**);
- (e) must specify the proposed settlement date of the Tag Along Sale Offer;
- (f) must specify the name of the proposed Qualified Buyer, including details of any Ultimate Holding Company of the Qualified Buyer;
- (g) must invite the Shareholder to sell to the Qualified Buyer a proportion of its Shares equal to the Tag Along Sale Proportion (calculated as at the date of the Tag Along Sale Notice) at the same time as the sale by the Tag Along Seller of its Shares to the Qualified Buyer and on the same terms as the Tag Along Sale Terms; and
- (h) may be withdrawn by the Tag Along Seller by notice to the other Shareholders and the Company.

If a Tag Along Seller withdraws a Tag Along Notice, no Disposal of Shares may occur pursuant to the withdrawn notice and the Tag Along Seller must issue a new Tag Along Sale Notice (and follow the process in this clause 5 pursuant to that new notice) before it may Dispose of Shares pursuant to this clause 5.

5.3 Effect of Tag Along Sale Notice

Any Shareholder that receives a Tag Along Sale Notice may give the Tag Along Seller a notice (**Tag Along Notice**), with a copy to the Company, within 10 Business Days of the date of the Tag Along Sale Notice specifying that the Shareholder wishes to sell to the Qualified Buyer a proportion of its Shares equal to the Tag Along Sale Proportion (calculated as at the date of the Tag Along Sale Notice) on the same terms as the Tag Along Sale Terms.

5.4 Completion of sale - Tag Along Seller does not receive Tag Along Notices

If on expiry of the 10 Business Day period referred to in clause 5.3, the Tag Along Seller has not received any Tag Along Notices, the Tag Along Seller may proceed to complete the transaction contemplated by the Tag Along Sale Notice on the Tag Along Sale Terms but not on any other terms.

5.5 Completion of sale - Tag Along Seller receives Tag Along Notices

If on expiry of the 10 Business Day period referred to in clause 5.3, the Tag Along Seller has received any Tag Along Notices:

- (a) the Tag Along Seller may only sell its Shares to the Qualified Buyer if the Qualified Buyer simultaneously purchases all Shares specified in each Tag Along Notice on the same terms as the Tag Along Sale Terms; and
- (b) each Shareholder that has given a Tag Along Notice must do all things necessary, and execute all documents as are reasonably required by the Tag Along Seller or the Qualified Buyer, to effect the transaction contemplated by the Tag Along Notice and Tag Along Sale Notice, as applicable.

5.6 Execution of Accession Deed Poll by a Qualified Buyer

A Disposal to a Qualified Buyer pursuant to this clause 5 must comply with clause 3.13 (unless the Qualified Buyer will be the only holder of Shares on its registration as holder).

5.7 Priority of exit provisions

Unless the Company otherwise agrees, a Tag Along Sale Notice may not be given by a Shareholder after the date on which it receives a Drag Along Sale Notice and additionally any Disposal process in progress under this clause 5 on that date must be abandoned.

5.8 Power of attorney

Each Shareholder irrevocably appoints the Company as its attorney in accordance with clause 22.1 to perform its obligations under this clause 5.

6. Change of Control

6.1 Notice of Change of Control

If a Change of Control occurs in relation to a Shareholder other than the Nominee (**Change of Control Shareholder**), the Shareholder must, and any other Shareholder may, immediately upon becoming aware of the Change of Control, give the Company notice giving details of the Change of Control.

6.2 Effect of Change of Control

If a Change of Control occurs in relation to a Change of Control Shareholder, that Shareholder is taken to have given a Transfer Notice in relation to all of its Shares which:

- (a) specifies a price for each Sale Security equal to the Fair Market Value of each Sale Security as at the date of the Change of Control; and
- (b) is dated the date on which the Fair Market Value of the Change of Control Shareholder's Shares is determined.

6.3 Change of Control sale process

The provisions of clause 3.5 to 3.14, other than clauses 3.6 and 3.12, apply to a Transfer Notice taken to have been given under clause 6.2, except that:

- (a) the Company may notify Shareholders of the applicable "Acceptance Period", "Sale Completion Date" and such other matters as it considers necessary to facilitate the sale process under those clauses (including the impact of a Drag Along Sale Notice or Tag Along Sale Notice on that process), which notification will be binding on all Shareholders; and
- (b) following completion of that sale process, the Company may buy back any Sale Securities which have not been acquired by the other Shareholders pursuant to that process at the time:
 - (i) the Board determines that the Company is in a financial position to complete the buy back; and
 - (ii) the Company is in a position to carry out the buy back in compliance with the Corporations Act.

6.4 Fair Market Value

Fair Market Value means the fair market value per Share to be purchased or bought back pursuant to this clause 6, as at the date the Board determines that the Transfer Notice is given, as determined by the Board in accordance with the following,

- (a) there is an arm's length transaction between a willing but not anxious buyer and a willing but not anxious seller and a reasonable time available to sell the relevant Shares in an open market;
- (b) the Business will be valued as a going concern and on a stand alone basis (without attribution of value for a control premium and ignoring any synergies or special value which may accrue to a purchaser of the relevant Securities);
- (c) based on the best information available at the time: the prospects of the Business; the value, at a capitalisation rate appropriate to the Business, of the estimated future maintainable earnings of the Business; the prospective yield that an open market investor would reasonably seek in acquiring shares; and the net tangible assets of the Company Group as disclosed in the most recent audited financial statements,

and otherwise having regard to the Board's customary practice in valuing Shares or other factors it considers relevant in the circumstances. A determination of Fair Market Value by the Board will be final and binding on the parties in the absence of manifest error.

6.5 Power of attorney

Each Shareholder irrevocably appoints the Company as its attorney in accordance with clause 22.1 to perform its obligations under this clause 6.

6.6 Approval or ratification by Shareholders of a Change of Control

Notwithstanding the other provisions of this clause 6:

- (a) a proposed Change of Control in relation to a Shareholder may be approved prior to that Change of Control (and in that case no Transfer Notice will be given under clause 6.2), and
- (b) a Change in Control may be ratified prior to the transfer or buyback of Shares of the Change of Control Shareholder under clause 6.3 (and the Transfer Notice given under clause 6.2 will immediately be void and of no effect),

by notice in writing delivered to the Company signed by Shareholders holding 75% of the Shares (excluding the change of Control Shareholder and Shares held by it) and in either case, no transfer or buyback of Shares of the Change of Control Shareholder under clause 6.3 will occur as a result of that Change in Control.

7. IPO

7.1 Actions to be taken

If the Board has, in accordance with clause 11.12, or Shareholders have, in accordance with clause 12.7, determined to implement an IPO, then each Shareholder hereby agrees:

- (a) with respect to all Shares that such Shareholder holds or over which such Shareholder otherwise exercises voting power, to vote (in person, by proxy or by action by written consent, as applicable) all Shares in favour of any matter in respect of which Shareholder approval is necessary or expedient in pursuit of the IPO; and to cause any Representative Director of the Shareholder to take such steps as a director which are necessary or expedient in pursuit of the IPO, including without limitation:
 - (i) procuring the unanimous passing of such resolutions of the Company or any Subsidiary in general meeting, or the Board; and

- (ii) allowing the redemption, buy-back or purchase by the Company of all or some of the Securities held by them including doing all things reasonably required to give effect to the redemption, buy-back or purchase, and all things required under the Corporations Act to approve or otherwise give effect to the redemption, buy-back or purchase, provided that the price per Security (net of costs, if applicable) on any such redemption, buy-back or purchase is the same for all Securities of the same class or type and is materially consistent with the anticipated value of such securities in the proposed exit transactions (being an amount determined by the Board, acting reasonably); and
- (b) if the IPO may involve the incorporation of a new corporation (whether in Australia or another country and whether or not such entity is a Group Company formed or to be used for the purpose of conducting the IPO, and whether or not that entity will also become a Holding Company of the Company or of companies including those which hold the Business, or that will acquire Shares pursuant to the IPO, including a "top hat" structure):
 - (i) to vote (in person, by proxy or by action by written consent, as applicable) to take all steps necessary to facilitate that incorporation (including exercising voting rights in respect of Shares and selling Shares to the new corporation pursuant to the IPO); and
 - (ii) if requested by the Board to enter into a deed with the new corporation on substantially the same terms as this deed or on terms that vary from the terms of this deed provided that the consent of the parties required for a variation of this deed under clause 27.1 has been obtained;
- (c) to vote in favour of, agree in writing and/or otherwise approve any amendments to this deed or the Constitution or the constitution of any of any other Group Company (or corporation referred to in clause 7.1(b)) that are necessary or expedient to implement the IPO;
- (d) to execute and deliver all related documentation and take such other action in support of the IPO as may reasonably be requested by the Company to carry out the provisions of this clause 7, including, without limitation executing and delivering instruments of conveyance and transfer, any purchase agreement, merger agreement, indemnity agreement, consent, waiver, governmental filing, share certificates duly endorsed for transfer (free and clear of impermissible liens, claims and encumbrances), listing agreements, underwriting agreements, standstill agreements, voluntary or mandatory escrow agreements (as determined by the Board on advice of the offer managers or the underwriters of the IPO, with the parties acknowledging that the respective proportions of their Shares which may be escrowed and the respective periods for which they may be escrowed may differ depending on the circumstances) and any similar or related documents necessary or desirable to implement the IPO; and
- (e) Shareholders holding 75% or more of the Shares may, by signed notice to the Company, appoint a Shareholder representative (referred to in this clause 7.1(e) as a **Shareholder Representative**) to act on behalf of the Shareholders in connection with the implementation of the IPO:
 - (i) to consent to:
 - A. the appointment of such Shareholder Representative;
 - B. the establishment of any applicable escrow, expense or similar fund in connection with any indemnification or similar obligations; and

- C. the payment of such Shareholder's pro rata portion (from the applicable escrow or expense fund or otherwise) of any and all reasonable fees and expenses to such Shareholder Representative in connection with such Shareholder Representative's services and duties in connection with the IPO and its related service as the representative of the Shareholders (except to the extent the Company will pay such fees and expenses directly), and
 - (ii) not to assert any claim or commence any suit against the Shareholder Representative or any other Shareholder with respect to any action or inaction taken or failed to be taken by the Shareholder Representative in connection with its service as the Shareholder Representative, absent fraud or wilful misconduct.

As part of implementing an IPO, the Company will obtain and consider taxation advice as is customary in the circumstances from a reputable accounting firm with experience in IPO structuring.

7.2 Exceptions

Notwithstanding clause 7.1, a Shareholder will not be required to comply with clause 7.1 in connection with any proposed IPO unless:

- (a) the Board has, in accordance with clause 11.12, or Shareholders have, in accordance with clause 12.7, determined to implement the IPO;
- (b) each holder of each class of Shares receives the same form of consideration for their Shares of such class as is received by other holders in respect of their Shares of such same class of Shares (noting that a Shareholder may agree to receive a lower amount); and
- (c) if the IPO involves a sale of Shares or assets of any Group Company:
 - (i) the Shareholders are not required to give any warranties except for title and capacity warranties in respect of the Shares and no Shareholder may be liable for the inaccuracy of any warranties made by any person other than the Company or such Shareholder; and
 - (ii) the liability for indemnification, if any, of such Shareholder for the inaccuracy of any representations and warranties made by the Company or its Shareholders in connection with the IPO, is several and not joint with any other person, and is pro rata in proportion to, and does not exceed, the amount of consideration paid to such Shareholder in connection with the IPO (noting that a Shareholder may agree to be responsible for a higher proportion).

7.3 Power of attorney

Each Shareholder irrevocably appoints the Company as its attorney in accordance with clause 22.1 to perform its obligations under this clause 7.

8. Issue of Securities

8.1 No obligation

No Shareholder is obliged to subscribe for Securities offered by the Company under this clause 8 or otherwise.

8.2 Requirements for issue

If the Company proposes to issue any Securities (**Offer Securities**) then unless:

- (a) the Offer Securities are issued to a person eligible to participate in an employee or officer incentive scheme established by the Company;
- (b) the Offer Securities are issued in connection with the acquisition of any business (including any corporate entity), or the acquisition of any business assets approved by Shareholders pursuant to clause 12.7; or
- (c) the proposed issue of Securities, when aggregated with all issues of Securities made by the Company, other than Securities issued by the Company pursuant to clauses 8.2(a) and 8.2(b), during the previous twelve-month period, represents less than 10% of the Company's issued share capital (calculated on a fully-diluted basis),

the Company must first offer the Offer Securities to all Shareholders in accordance with this clause 8 (**Pre-Emptive Offer**).

8.3 Issue request notice

The Company must within 10 Business Days of the later of:

- (a) the date on which any Board resolution is passed authorising the Pre-Emptive Offer; and
- (b) the date on which any Board resolution is passed setting the issue price of each Offer Security (**Issue Price**),

give a notice of the Pre-Emptive Offer to each Shareholder offering to issue that Shareholder Offer Securities (**Issue Request Notice**). The Company may withdraw an Issue Request Notice at any time prior registering the Accepting Shareholders (or Nominee) as holder of the Accepted Securities pursuant to the process conducted under that notice. If the Company withdraws an Issue Request Notice, no issue of Shares may occur pursuant to the withdrawn notice and the Company must issue a new Issue Request Notice (and follow the process in this clause 8 pursuant to that new notice) before it may issue Shares under a Pre-Emptive Offer.

8.4 Acceptance of offer

Each Shareholder that wishes to accept an offer made under clause 8.3 (each an **Accepting Shareholder**) must give notice to the Company within the relevant Acceptance Period stating the number of Offer Securities it wishes to subscribe for.

8.5 Allocation of Offer Securities

- (a) If the total number of Offer Securities that the Accepting Shareholders wish to purchase according to all Issue Request Notices received within the Acceptance Period is equal to or less than the total number of Offer Securities, then each Accepting Shareholder will be allocated the number of Offer Securities specified in its Issue Request Notice.
- (b) If the total number of Offer Securities that the Accepting Shareholders wish to subscribe for according to all Issue Request Notices within the Acceptance Period is greater than the aggregate number of Offer Securities, then, subject to clause 8.5(c), each Accepting Shareholder will be allocated such number of Offer Securities as is equal to N in the following formula:

$$\frac{PNS}{TNS} \times SS = N$$

where:

SS is the total number of Offer Securities;

PNS is the number of Securities held by the Accepting Shareholder before service of the Issue Request Notice; and

TNS is the total number of Securities held by all Accepting Shareholders immediately before service of the Issue Request Notice.

- (c) Any remaining Offer Securities that have not been allocated after the application of the preceding clauses are, subject to clause 8.5(d), to be allocated to the Accepting Shareholders who have been allocated less than the number of Offer Securities which those Accepting Shareholders have offered to acquire as follows:

$$\frac{PNS}{TNS} \times RNS = N$$

where:

PNS means the number of Securities held by the Accepting Shareholder immediately before service of the Issue Request Notice;

TNS means the number of Shares held immediately before the service of the Transfer Notice by all Accepting Shareholders who have been allocated less than the number of Offer Securities indicated in their respective Issue Request Notices;

RNS means the total number of remaining Offer Securities; and

N means the number of remaining Offer Securities to be allocated to the Accepting Shareholder,

and the Company must repeat the application of the above formula until all Offer Securities are allocated.

- (d) If the number of Offer Securities to be subscribed for by an Accepting Shareholder calculated by applying the preceding clauses is more than the number of Offer Securities which the Accepting Shareholder has offered to subscribe for in its Issue Request Notice, then that Accepting Shareholder will be allocated only the number of Offer Securities it has offered to subscribe for.
- (e) As soon as reasonably practicable after the determination of the entitlements of each Accepting Shareholder under this clause 8.5, the Company must send to each Shareholder a notice setting out the number of Offer Securities that each Accepting Shareholder is obliged to subscribe for as determined in accordance with this clause 8.5 (Accepted Securities).

8.6 Completion of subscription

Each Accepting Shareholder must pay the Issue Price for all of its Accepted Securities in full to the Company by the date and in the manner specified by the Company and, within 10 Business Days of the date on which the Company receives payment in full from the Accepting Shareholder of the Issue Price for the Accepted Securities, the Company must register the Accepting Shareholder (or if the Accepting Shareholder is an Appointing Beneficiary, the Nominee) as holder of the Accepted Securities and issue and deliver to the

Accepting Shareholder (or Nominee where applicable) a certificate in respect of the Accepted Securities.

8.7 Excess Offer Securities

At any time within 90 Business Days after completion of the offer process set out in clauses 8.3 to 8.6, the Company may (but is not obliged to) offer to a Qualified Buyer or a Shareholder for subscription those of the Offer Securities that were not subscribed for by the Shareholders on terms no more favourable than the terms set out in the Issue Request Notice. The Company must not issue shares to a Qualified Buyer under this clause 8.7 if, following such issue, the Company would have more than 50 members. Any subscription pursuant to this clause 8.7 must comply with clause 3.13. If the Board does not offer the remaining Offer Securities to a Qualified Buyer or a Shareholder in accordance with this clause 8.7 it may not issue the Offer Securities without again complying with the provisions of this deed.

9. Board

9.1 Board

The Board must be constituted by a maximum of 10 Directors and a minimum of 3 Directors, of which:

- (a) any Shareholder holding at least 10% of the Shares has the right to appoint, remove and replace 1 Director in respect of each 10% of the Shares held by that Shareholder, up to a maximum of 2 Directors per Shareholder;
- (b) it is intended that, in addition to Directors appointed under clause 9.1(a), the Board will include one person with appropriate skills and knowledge appointed as an independent Director (which Director will be appointed, removed or replaced by the Directors acting by majority); and
- (c) the Directors (acting unanimously) have the right to appoint, remove and replace any eligible person to be a Director and (acting unanimously except for that Director) to remove or replace that person as a Director, either as an addition to the existing Directors or to fill a casual vacancy, but so that the total number of directors does not exceed the maximum number referred to above.

Each Shareholder referred to in clause 9.1(a) agrees to procure that its Representative Director(s) appointed pursuant to clause 9.1(a) will use their best endeavours to ensure that there is an appropriate independent Director appointed to the Board pursuant to clause 9.1(b), with the first such Director intended to be appointed within 6 months of the date of this deed. If the Board contains the maximum number of 10 Directors when a Shareholder exercises a right to appoint a Director under this clause 9.1(a), the office of the Director last appointed by the Directors pursuant to clause 9.1(c) (or other such Director as determined by the Board) becomes vacant immediately prior to the appointment of that Representative Director. Where the reference to Shareholder above refers to Consortium Shareholders (by virtue of paragraph (d) of the definition of Shareholders), the rights in respect of that Shareholder may be exercised by the Consortium Shareholders that hold at least the majority of Shares held by all Consortium Shareholders.

9.2 Chairperson

The Chairperson of the Board:

- (a) from the Implementation Date will be Gregory James Ruddock until another person is appointed as Chairman pursuant to this clause 9.2 or he resigns from that position, and otherwise is to be appointed from the Directors by the Shareholders;
- (b) will chair all meetings of the Board as well as all meetings of Shareholders, however if the Chairperson is absent from a meeting of the Board or Shareholders or is

unwilling to act, the Directors present may elect one of their number to act as Chairperson for the purposes of that meeting only; and

- (c) who is appointed under this clause 9.2 may be removed or replaced by the Shareholders but not by the Board.

9.3 Formalities for appointment or removal

A person may only be appointed, removed or replaced as a Director or the Chairperson in accordance with this deed. Notice of any appointment, removal or replacement of a Director or the Chairperson must be given to the Company and:

- (a) in the case of the removal of a Director, must specify the identity of the person to be removed; and
- (b) in the case of the appointment of a Director, must be accompanied by a consent of the proposed Director to act in that capacity.

9.4 Automatic removal of Director

A person will be automatically and immediately removed as a Director:

- (a) if the person is, or becomes, ineligible to be a Director under the provisions of this deed, the Constitution, or the Corporations Act or any other applicable law; or
- (b) if the person is a Representative Director:
 - (i) upon the Appointer of the Representative Director ceasing to hold at least 10% of the Shares; or
 - (ii) upon receipt by the Company of a notice of removal from the Appointer.

9.5 Observer

Each Shareholder holding at least 5% of the Shares may appoint 1 observer (**Observer**) to attend each meeting of the Board. The Company must ensure that the Observer is given the same notice of meetings of the Board and access to the relevant Board papers as are given to the Directors. The Observer is not entitled to vote or participate at meetings of the Board.

9.6 Alternate Directors

Any Director may from time to time by notice to the Company appoint an alternate Director to act in their place at any times as the Director may determine, and may by notice to the Company remove their alternate Director. The appointment or voluntary removal of an alternate Director under this clause 9.6 takes effect immediately upon receipt by the Company of the notice of appointment or removal.

9.7 Representative Directors

To the extent permitted by law, a Representative Director:

- (a) may have regard to and represent the interests of their Appointer in priority to the interests of the Company or its members;
- (b) may act in the best interest of their Appointer in performing their duties or exercising any power, right or discretion as a Director;
- (c) may disclose any information obtained by them in relation to a Group Company to their Appointer; and

- (d) may take any other action as permitted by this deed,

and in doing so the Representative Director is not considered to have committed any breach of any duty owed to a Group Company or its members under statute or general law.

9.8 Directors' expenses

- (a) The Company may pay (at its discretion) any Director's fees.
- (b) The Company will reimburse all reasonable travel, accommodation or similar third-party costs and expenses incurred by Directors in attending to the Business of the Group, including attending Board meetings, site visits and major meetings with suppliers or joint venture partners.

9.9 D&O insurance

The Company must, to the fullest extent permitted by law, purchase and maintain insurance for each Director against any liability incurred by the Director as an officer of any Group Company including liability for negligence, and for reasonable costs and expenses incurred in defending proceedings, whether civil or criminal, on policy terms approved by the Board.

10. Management of the Company

To the extent permitted by law, the overall direction and management of the Company is vested in the Board. The role of the Board is:

- (a) to determine the strategic plans for the Business and ensure that those plans are included in the approved Business Plan and Budget;
- (b) to monitor the performance of the Business in accordance with this deed and the Business Plan and Budget; and
- (c) to make decisions which are not part of the day to day management of the Company.

11. Meetings and resolutions of Directors

11.1 Board meetings

Meetings of the Board must be held at least 4 times each Financial Year at regular intervals and, so far as practicable, all meetings of the Board must be held on the same day and week of the month and be held at a location set out in the notice of the meeting.

11.2 Notice of meeting

A meeting of the Board may be called by any Director at any time by the Director giving reasonable notice to every other Director, each Alternate Director and the Observers. The notice must provide reasonable details of the matters to be considered at the meeting and the business to be put to the vote of Directors.

11.3 Agenda for meeting

A notice of a meeting of the Board must include an agenda setting out the resolutions to be considered and other business proposed to be conducted at the meeting. The agenda must be accompanied by:

- (a) a report from the chief executive officer of the Company on the trading of each Group Company in each month since the previous meeting of the Board including comments on revenues, margins, overheads, profits, cash flow, prospects, a profit

and loss statement for the month and year to date relative to budget, consolidated finance report, consolidated balance sheet, major variations to budget and any material commercial issues affecting the current and future trading position of the Company and proposed actions to correct adverse variances; and

- (b) a copy of all papers to be considered at that meeting.

11.4 Holding meetings

The Board may hold a meeting in 2 or more places linked together by any technology, provided that each Director participating at the meeting can hear each other Director through instantaneous means of communication. If the technological link fails, the meeting will be adjourned until the failure is rectified.

11.5 Meetings held in 2 or more places

If a meeting of the Board is held in 2 or more places linked together by any technology:

- (a) a Director present at one of the places is taken to be present at the meeting unless and until the Director states to the Chairperson of the meeting that the Director is ceasing to participate in the meeting; and
- (b) it is taken to have been held at the place the Chairperson of the meeting determines.

11.6 Quorum for Board meetings

For a meeting of the Board to proceed there must be in no less than 3 Directors in attendance at all times during the meeting, including all Representative Directors.

11.7 No quorum present

If a quorum is not present within 30 minutes after the time for which a meeting of the Board is convened, the meeting must be adjourned and reconvened to a time and place as those Directors present determine. Notice of the time, date and place of the reconvened meeting must be given to each Director, each Alternate Director and Observer not less than 48 hours before the reconvened meeting, and a quorum for such reconvened meeting will be no less than 2 Directors in attendance.

11.8 Directors' voting rights

Unless otherwise provided in this deed, each Director is entitled to one vote on a resolution of the Directors.

11.9 No casting vote

The Chairperson does not have a casting vote on a resolution of the Directors.

11.10 Written resolutions

If each Director who is entitled to vote on a resolution of the Directors signs a document to the effect that they are in favour of a resolution set out in the document, a resolution in those terms is to be treated as having been passed at a duly convened meeting of the Directors on the date on which the last Director signs the document. The document may be in counterparts, signed by one or more Directors and may be circulated by email or facsimile transmission.

11.11 Board decisions

A resolution of the Directors may only be carried:

- (a) subject to clause 11.17, in the case of a resolution approving an action which requires unanimous approval under clause 11.12, if it is passed in accordance with clause 11.12; or
- (b) in the case a resolution dealing with any other matter, if it is passed by a majority of the votes cast by Directors present and entitled to vote on that resolution.

11.12 Actions which require unanimous Board approval

Subject to clause 11.17, the Company must not, and each Shareholder must procure that the Company does not, undertake any of the actions listed in Part 1 of Schedule 1, or approve any Group Company undertaking any of the actions listed in Part 1 of Schedule 1, unless and until:

- (a) a resolution approving the specific action is passed by the unanimous affirmative vote all of the Directors; or
- (b) all Directors sign a document consenting in writing to the Group Company taking the specific action.

11.13 Statutory Shareholders' resolutions

If a resolution of the Shareholders is required before the Company can undertake any action which the Directors have approved in accordance with clause 11.12, or which the Shareholders have approved under clause 11.17, no Shareholder may vote against that resolution.

11.14 Committees and delegates

The Directors may delegate any of their powers (including this power to delegate) to a committee of the Directors, a Director, an employee of the Company or any other person in accordance with this deed. The Directors may revoke or vary any power delegated under this clause 11.14.

11.15 Signing authorities

The Board will from time to time determine any signing authorities on behalf of the Company including the operation of any banking accounts on behalf of the Company.

11.16 Subsidiaries

The Company must ensure that, unless otherwise unanimously agreed by the Board:

- (a) the board of directors of each Subsidiary of the Company is comprised of those persons appointed by the Board from time to time; and
- (b) the business of each Subsidiary is operated and conducted in accordance with clauses 9, 10 and 11 of this deed as if:
 - (i) references to the Company were references to the relevant Subsidiary;
 - (ii) references to the Board were references to the board of directors of the relevant Subsidiary; and
 - (iii) references to meetings of the Board were references to meetings of the board of directors of the relevant Subsidiary.

11.17 Referral of certain actions to Shareholders

- (a) If a resolution seeking the approval of a specific action referred to in clause 11.12(a) or clause 11.16 is put before the Board and is voted on but not passed by the unanimous affirmative vote of all of the Directors, the Board must put that resolution to Shareholders for approval under clause 12.7 if the majority of Directors sign a document requesting in writing that the Company does so.
- (b) Approval by Shareholders pursuant to 12.7 of a resolution put to them under clause 11.17(a) permits the Directors to pass that resolution at the Board by a majority of the votes cast by Directors present and entitled to vote on that resolution (rather than unanimously) but does not of itself bind the Company to take the specific action the subject of the resolution.

12. Meetings and resolutions of Shareholders

12.1 Shareholders' meetings

A Director may call a meeting of the Shareholders at a time during business hours in Sydney, New South Wales, and at a place as the Directors resolve, subject to the requirements of the Corporations Act.

12.2 Quorum for Shareholders' meetings

For a meeting of the Shareholders to proceed there must be no less than 3 Shareholders present in person or by proxy, representative or attorney.

12.3 No quorum present

If a quorum of Shareholders is not present at all times during a meeting of the Shareholders, the meeting must be adjourned and reconvened at a time and place that the chairperson of the meeting determines. Notice of the time, date and place of the reconvened meeting must be given to each Shareholder not less than 48 hours before the reconvened meeting.

12.4 Shareholders' voting rights

Each Shareholder is entitled to the following number of votes on a resolution of the Shareholders:

- (a) on a show of hands at a meeting of the Shareholders, each Shareholder is entitled to one vote; and
- (b) on a poll at a meeting of the Shareholders, each Shareholder is entitled to one vote for each Share held by that Shareholder.

12.5 No casting vote

The chairperson of a general meeting does not have a casting vote.

12.6 Shareholders' decisions

A resolution of the Shareholders may only be carried:

- (a) if it is passed in accordance with the Corporations Act; and
- (b) in the case of a resolution approving an action which requires special majority approval under clause 12.7, if it is also passed in accordance with clause 12.7.

12.7 Actions which require special majority Shareholders' approval

The Company must not, and each Shareholder must procure that the Company does not, undertake any of the actions listed in Part 2 of Schedule 1, or approve or permit any Subsidiary of the Company undertaking any of the actions listed in Part 2 of Schedule 1 where Subsidiary is referenced Part 2, unless and until:

- (a) a resolution approving the specific action is passed by the affirmative vote of 75% or more of the votes cast by all Shareholders entitled to vote on that resolution; or
- (b) Shareholders holding 75% or more of the votes cast by all Shareholders entitled to vote on that resolution sign a document consenting in writing to the relevant Group Company taking the specific action.

13. Reporting and records

13.1 Information

- (a) The Company must cause the Group Companies to maintain books and records as required by law.
- (b) Each Director must at all times be given reasonable access to:
 - (i) inspect the assets of the Group Companies;
 - (ii) inspect and take copies of documents relating to the Business, including the accounts of the Group Companies; and
 - (iii) discuss the affairs, finances and accounts of the Group Companies with its officers, employees, agents, representatives or contractors and the Auditor.
- (c) Each Representative Director may disclose all information (confidential or otherwise) about the affairs, finances and accounts of the Group Companies to his or her Appointer.

13.2 Information to Shareholders

- (a) The Company must provide a copy of the latest Audited Financial Statements of the Group Companies on written request by a Shareholder, within a reasonable time of the request.
- (b) The Company must provide a copy of the quarterly management accounts of the Group Companies, together with other material information concerning the financial affairs of the Group Companies on written request by a Shareholder holding at least 3% of the Shares, within a reasonable time of the request.

13.3 Business Plan and Budget

- (a) The Board must use all reasonable endeavours to agree and adopt on a unanimous basis an initial Business Plan and Budget within 90 days of the Implementation Date.
- (b) At least 1 month before the commencement of each Financial Year following the Implementation Date, the Company must procure that the CEO, in consultation with the Board, prepares and distributes to the Directors a draft Business Plan and Budget for the upcoming Financial Year.

- (c) The Directors must consider the draft Business Plan and Budget and, subject to compliance with clause 13.4, agree and adopt on a unanimous basis a Business Plan and Budget for the next Financial Year before commencement of the relevant Financial Year.
- (d) The Company must ensure that the Group Companies conduct Business in each Financial Year in accordance with the Business Plan and Budget agreed and adopted on a unanimous basis by the Board (or approved by Shareholders under clause 11.17) for that financial Year, or as may be varied or replaced from time to time in accordance with clause 13.4.
- (e) A Business Plan and Budget referred to in clause 13.3(d) will continue until a subsequent Business Plan and Budget is agreed and adopted on a unanimous basis by the Board (or approved by Shareholders under clause 11.17).

13.4 Variation of Business Plan and Budget

The Board may, at their discretion and on a unanimous basis, or the Shareholders may under clause 11.17, vary or replace the Business Plan and Budget at any time during a Financial Year.

14. Dividends

14.1 Decision to pay dividend

Subject to the Act, a decision to pay and the amount of any dividend will be at the sole discretion of the Board, and made on a unanimous basis, subject to:

- (a) retention of such reasonable and proper reserves for working capital requirements, possible future acquisitions, capital expenditure, debt amortisation or other actual or contingent liabilities or commitments of the Group Companies as the Board considers reasonably appropriate; and
- (b) such dividend not resulting in a breach of any covenant or undertaking of a Group Company to any bank or financial institution or under any other contract which is material to the Group Companies.

14.2 Entitlement to dividend

Each Shareholder (as at the relevant record date) will be entitled to receive its Relevant Proportion of any dividend declared by the Board.

15. Representations and warranties

15.1 Warranties

Each party warrants to each other party that each Warranty is correct and not misleading or deceptive as at:

- (a) in the case of Company, Nominee and each Consortium Shareholder, the date of execution of this deed by party and the Implementation Date;
- (b) in the case of an Appointing Beneficiary or Direct Shareholder that acquires Shares under the Scheme, the Implementation Date; and
- (c) in the case of any other Shareholder, the date of execution and delivery of the Accession Deed Poll.

15.2 Reliance

Each party acknowledges that each other party has entered into this deed in reliance on the Warranties.

16. Nominee arrangements

16.1 Interpretation

In this clause the following definitions apply unless the context otherwise requires:

- (a) **Expense** includes any liability, cost, expense, loss or damage.
- (b) **Instruction** has the meaning given in the Nominee Deed.
- (c) **Nominee Indemnity Provisions** means clause 12 set out in the Nominee Deed.
- (d) **Obligations** means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the Nominee under or in respect of this document or the Nominee Deed.
- (e) **Overhead Cost** means overhead expenses, including rent, office maintenance and salaries.
- (f) **Relevant Trust** has the meaning given in clause 16.10(b).

16.2 Public company status and number of shareholders

Despite any other provision in this Deed:

- (a) the Company must not take any action (including to issue, redeem, or buy-back Shares), if, following such action, the Company would not continue to qualify as a public company as defined under section 112 of the Corporations Act;
- (b) a Shareholder must not (nor may it attempt to) Dispose of all or any of its Shares, and must ensure that its interest in Shares held through a holding trust or other interposed vehicle is not Disposed of, if, following such Disposal, the Company would have more than 50 members;
- (c) the Company may, in its sole discretion, including after becoming aware of any actual or pending event or circumstances that could result in the Company having more than 50 members:
 - (i) notify all of the Shareholders of such event or circumstances (if applicable); and
 - (ii) appoint a Nominee to hold the Shares of Shareholders (excluding the Consortium Shareholders or their Permitted Transferees or any other Shareholder that is the registered holder of 5% or more of the Shares);
- (d) following appointment of a Nominee under clause 16.2(c)(ii), each relevant Shareholder:
 - (i) must comply with the directions of the Company; and
 - (ii) agrees to irrevocably appoint the Company as its attorney in accordance with clause 22.1,

for the purposes of facilitating the transfer of its Shares to the Nominee in accordance with this clause 16.2 and arranging execution of the Nominee Deed by the Company on behalf of each relevant Shareholder.

16.3 General

- (a) The parties acknowledge that following appointment of a Nominee under clause 16.2, references to "**Shareholder**" in this Deed are to be interpreted as including Appointing Beneficiaries unless this clause 16 or the context requires otherwise and consequently:
- (i) have rights and obligations under this Deed as Shareholders; but
 - (ii) do not hold legal title to Shares and are instead Appointing Beneficiaries in relation to Shares held by the Nominee as bare trustee on their behalf as contemplated by the Nominee Deed.
- (b) The provisions in this clause 16 (subject to any changes required by the Nominee which the Company accepts as reasonable) apply in these cases.
- (c) To the extent that the provisions of this clause 16 require amendment under clause 16.3(b) following appointment of a Nominee, the Board may, subject to clause 16.4, amend this clause 16 (and make any additional necessary consequential changes to this Deed) if the amendment has been approved by simple majority of Shareholders.
- (d) Each Appointing Beneficiary undertakes to the Company and the Nominee that it will not:
- (i) take any action, or omit to take any action (including the giving of any Instruction to the Nominee or failing to give any Instruction to the Nominee) which would breach this deed; or
 - (ii) fail to give, or delay in giving, any Instruction to the Nominee which is required to enable the Appointing Beneficiary and or any of its relevant transferees to comply with the this deed.

and without limiting the above, each Appointing Beneficiary undertakes to the Company and the Nominee that it will not give an Instruction to the Nominee:

- (iii) to Dispose of legal title to any of the Beneficial Shares unless permitted to do so under this deed; or
- (iv) which has the effect of cancelling or superseding an Instruction given on behalf of the Appointing Beneficiary by an attorney acting on behalf of the Appointing Beneficiary under this deed.

16.4 Conversion and termination provisions

The Company must ensure that the Nominee Deed contains "conversion and termination provisions" (as that term is defined in ASIC Corporations (*Stub Equity in Control Transactions*) Instrument 2020/734). Such provisions may only be amended by a resolution passed by Appointing Beneficiaries which satisfies the requirements of a "special resolution of beneficial owners" (as that term is defined in ASIC Corporations (*Stub Equity in Control Transactions*) Instrument 2020/734).

16.5 Appointing Beneficiaries

- (a) Where a Shareholder is an Appointing Beneficiary, then for the purposes of any references in this Deed to the Shareholder's Shares, or to Shares held by the

Shareholder (or any similar expression), the Shareholder is to be regarded as holding its Beneficial Shares. For the avoidance of doubt (but without limitation):

- (i) in the context of any requirement that an act be approved by Shareholders holding at least a given percentage of all Shares, Shareholders who are Appointing Beneficiaries are to be treated as holding their Beneficial Shares (in addition to Shares registered in their name, if any); and
 - (ii) a requirement that a Shareholder maintain a minimum shareholding applies in relation to a Shareholder who is an Appointing Beneficiary by reference to the number of its Beneficial Shares (in addition to Shares registered in its name, if any);
- (b) The Nominee is not itself to be regarded for the purposes of this Deed as a 'Shareholder' in respect of, or to otherwise hold, Shares which it holds as bare trustee for Appointing Beneficiaries.
- (c) Clauses 16.5(a) and 16.5(b) do not apply in relation to clause 14. The parties recognise that the Nominee, as registered owner of the Shares it holds on behalf of the Appointing Beneficiaries, is the person legally entitled to voting rights and dividends in respect of those Shares and that the Nominee is to be regarded as the relevant 'Shareholder' (to the exclusion of the relevant Appointing Beneficiaries) for the purposes of clause 14. However, the parties acknowledge:
- (i) instructions may be given by each Appointing Beneficiary to the Nominee under the Nominee Deed in relation to voting and other dealings in respect of the Appointing Beneficiary's Beneficial Shares; and
 - (ii) directions may be given by each Appointing Beneficiary to the Nominee in relation to dividends and distributions as provided in clause 16.8 below.
- (d) Obligations on Shareholders who are Appointing Beneficiaries to exercise voting rights or take other steps as registered holder of Shares are to be interpreted as obligations to ensure that the Nominee takes the relevant steps (at the Appointing Beneficiary's direction, or by the Company on behalf of the Appointing Beneficiary, acting under power of attorney, or otherwise).
- (e) The Nominee agrees that it will comply with the terms of the Nominee Deed in relation to each Appointing Beneficiary's Beneficial Shares for the benefit of the relevant Appointing Beneficiary, as though each Appointing Beneficiary was a party to a separate Nominee Deed in place of the Company.

16.6 Dealings in Shares

- (a) Clause 3 applies to a Shareholder who is an Appointing Beneficiary so that (for the avoidance of doubt) restrictions on Disposal of the Shareholder's Shares include any dealings in its beneficial interest in its Beneficial Shares and any dealings in the legal title to those Shares by the Nominee (at the Appointing Beneficiary's direction, or by the Company on behalf of the Appointing Beneficiary acting under power of attorney, or otherwise).
- (b) Where this Deed contemplates the sale, purchase or transfer of some or all of a Shareholder's Shares, the relevant provisions apply in relation to a Shareholder who is an Appointing Beneficiary so that references to the sale, purchase or transfer of the Shareholder's Shares are to be construed as references to:

- (i) the sale, purchase or transfer by the Shareholder of its beneficial interest in its Beneficial Shares; and
- (ii) (without limiting clause 16.7 below in circumstances where the Nominee is to retain legal title to the relevant Shares) the Shareholder procuring the concurrent transfer of legal title in those Beneficial Shares by the Nominee,

and obligations on Shareholders who are Appointing Beneficiary to offer Shares for sale, purchase, or transfer are to be construed in a corresponding manner.

- (c) In the context of a transferor who is an Appointing Beneficiary, the relevant Share transfer form must be executed by the Nominee as registered holder.
- (d) Where this Deed permits any party to issue, transfer or sell Shares to any person, that includes permission to issue, transfer or sell Shares to the Nominee as bare trustee for the relevant person.
- (e) Each Shareholder irrevocably appoints the Company as its attorney in accordance with clause 22 on default by it of performance of its obligations under this clause 16.6.

16.7 Legal title to remain with Nominee

- (a) Except where permitted by clause 16.7(b), a Shareholder who is an Appointing Beneficiary must not without the consent of the Board direct the Nominee to transfer (or otherwise procure the transfer of) legal title to any of its Beneficial Shares to itself.
- (b) A Shareholder who is an Appointing Beneficiary in respect of at least 1,000,000 (subject to clause 1.5(c)) Beneficial Shares when aggregated with Shares registered in its name (if any) may, following the provision of written notice to the Company, and at all times subject to clause 16.2, direct the Nominee to transfer (or otherwise procure the transfer of) legal title to any of its Beneficial Shares to itself.
- (c) Unless the Board agrees otherwise in writing, a Shareholder who is an Appointing Beneficiary may transfer Shares to a Permitted Transferee under clause 3 or pursuant to a Small Holdings Sale under clause 3.2 on the basis that the Nominee is directed to hold legal title to the relevant Shares as bare trustee on behalf of the transferee (ie the Shareholder may only transfer the beneficial interest in its Beneficial Shares without a transfer of legal title).
- (d) Each party who is an Appointing Beneficiary irrevocably directs the other parties that if the Appointing Beneficiary becomes entitled to receive any additional Shares, whether by way of issue or transfer (and whether under this Deed or otherwise), then unless the Company has consented to another holding arrangement in relation to the relevant transaction, the issue or transfer must be made in favour of the Nominee on the basis that the securities are to be held by the Nominee as bare trustee for the Appointing Beneficiary.
- (e) In relation to issues of Shares:
 - (i) an offer to a Shareholder who is an Appointing Beneficiary to participate in an issue of Shares or other equity securities on the basis that legal title to the relevant Shares will be issued to the Nominee as bare trustee for the Appointing Beneficiary will not be regarded for that reason alone as being on different terms from the terms offered to other Shareholders in circumstances where other Shareholders will receive legal and beneficial ownership; and

- (ii) clause 7 applies in relation to an issue of Shares to the Nominee as bare trustee for an Appointing Beneficiary by reference to the ability of the Company to make an offer of the beneficial interest in the Shares to the relevant Appointing Beneficiary.
- (f) Each party who is an Appointing Beneficiary must give all necessary directions to the Nominee to ensure compliance with this clause 16.7.
- (g) Each Shareholder irrevocably appoints the Company as its attorney in accordance with clause 22 on default by it of performance of its obligations under this clause 16.7.

16.8 Dividends and distributions

Each Shareholder who is an Appointing Beneficiary directs the Company to pay dividends or other distributions of any kind in respect of Shares which are that Shareholder's Beneficial Shares directly to the Shareholder as Appointing Beneficiary in place of the Nominee as provided for in the Nominee Deed. This clause does not affect the right of any Appointing Beneficiary to change the direction from time to time as agreed by the Company.

16.9 Indemnity and liability of Nominee

- (a) Pursuant to the terms of the Nominee Deed, the Nominee must, to the maximum extent permitted by law, and notwithstanding any other provision of this Deed, act on the direction of the Appointing Beneficiary under a power of attorney or otherwise, to the intent that each Appointing Beneficiary exercises day-to-day control over the operation of the trust under which its Beneficial Shares are held.
- (b) Each party who is an Appointing Beneficiary agrees to be bound by the terms of the Nominee Deed which contemplate that the Appointing Beneficiary:
 - (i) indemnifies the Nominee for or in respect of any Expense which the Nominee pays, suffers, incurs or is liable for arising out of or in connection with; and
 - (ii) covenants with the Nominee not to claim, sue or take any action against the Nominee in relation to,

anything done by the Nominee at the direction of or on behalf of the Appointing Beneficiary, or by reason of the Appointing Beneficiary's Beneficial Shares being registered in the name of the Nominee.
- (c) The indemnity and covenant in clause 16.9(b) does not apply to:
 - (i) any Expense which arises as a result of the Nominee's (or any of its officers', employees', or agents') fraud, negligence, dishonesty, wilful misconduct, breach of any of its obligations under this Deed or the Nominee Deed or breach of trust;
 - (ii) the Overhead Costs of the Nominee, fees of a Related Body Corporate of the Nominee as custodian of the Nominee and fees of a sub custodian, nominee or other delegate of such a custodian of the Nominee which arise in the ordinary course of the establishment and administration of a bare trust under the Nominee Deed; or; or
 - (iii) the extent that the Nominee is entitled to recover and is indemnified for any such Expenses or Overhead Costs by the Company under the terms of the Nominee Deed or from the assets of the relevant trust under the terms of the Nominee Deed.

- (d) Each party acknowledges that the Nominee is obliged to act in accordance with the directions of the Appointing Beneficiaries in relation to their respective Beneficial Shares. Any breach of this Deed that arises out of the Nominee complying with a direction given by an Appointing Beneficiary in relation to that Appointing Beneficiary's Beneficial Shares (**Directed Breach**) is to be construed for all purposes as a breach by the relevant Appointing Beneficiary and not by the Nominee, and, without limitation:
- (i) the Nominee is released from any claim, action, demand, suit or proceeding for damages, debt, specific performance or any other remedy in respect of any Directed Breach; and
 - (ii) each party (other than the Nominee) covenants not to claim, sue or take any action against the Nominee in respect of any Directed Breach.
- (e) Each indemnity given by an Appointing Beneficiary in this clause 16.9:
- (i) is an additional, separate and independent obligation of the Appointing Beneficiary and no one indemnity limits the generality of any other indemnity; and
 - (ii) survives termination of this Deed and the Nominee Deed and the Nominee's retirement as trustee of an Appointing Beneficiary..

16.10 Limitation of Nominee's liability

- (a) This limitation of the Nominee's liability applies despite any other provisions of this deed and extends to all Obligations of the Nominee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this deed.
- (b) Subject to clauses 16.10(h) and 16.10(i), the Nominee will be bound by this document only in its capacity as trustee of each trust created under the Nominee Deed (each a **Relevant Trust**) and in no other capacity.
- (c) Subject to clauses 16.10(h) and 16.10(i) the parties (other than the Nominee) acknowledge that the Nominee incurs the Obligations solely in its capacity as trustee of each Relevant Trust and that the Nominee will cease to have any Obligation under this document which arises after the time the Nominee ceases to be a legal holder of the relevant Beneficial Shares as trustee of the Relevant Trust.
- (d) Subject to clauses 16.10(h) and 16.10(i), the Nominee will not be liable to pay or satisfy any Obligations except to the extent that the Nominee is actually indemnified under the Nominee Indemnity Provisions or to the extent that and at the time the Nominee would, if the Nominee exercised its entitlement to be indemnified in respect of that liability under the Nominee Indemnity Provisions.
- (e) Subject to clauses 16.10(h) and 16.10(i), the parties (other than the Nominee) may enforce their rights against the Nominee arising from the non-performance of the Obligations only to the extent of the Nominee's right to be indemnified under the Nominee Indemnity Provisions.
- (f) Subject to clauses 16.10(h) and 16.10(i), if a party (other than the Nominee) does not recover all money owing to it arising from the non-performance of the Obligations, it may not seek to recover the shortfall by:
- (i) bringing proceedings against the Nominee in its personal capacity; or
 - (ii) seeking the appointment of a receiver (except in relation to property of a Bare Trust), a liquidator, an administrator, or any similar person to the

Nominee or prove in any liquidation, administration or arrangement of or affecting the Nominee (except in relation to property of the relevant Bare Trust).

- (g) Subject to clauses 16.10(h) and 16.10(i), each party (other than the Nominee) waives its rights and releases the Nominee from any personal liability whatsoever, in respect of any loss or damage:
- (i) which it may suffer as a result of any:
 - A. breach by the Nominee of any of its Obligations; or
 - B. non-performance by the Nominee of the Obligations; and
 - (ii) which cannot be paid or satisfied out of the proceeds of the indemnities given under the Nominee Indemnity Provisions.
- (h) The parties acknowledge that the whole of this document is subject to this clause 16.10 and that the Nominee shall in no circumstances be required to satisfy any liability of the Nominee arising under, or for non-performance or breach of any Obligations out of any funds, property or assets other than the proceeds of the indemnities given under the Nominee Indemnity Provisions as and when they are available to the Nominee to be applied in exoneration for such liability provided that, subject to clause 16.10(i), if the liability of the Nominee arising under, or for non-performance or breach of any Obligations is not fully satisfied out of the proceeds of the indemnities given under the Nominee Indemnity Provisions due to the negligence, breach of any obligations under the Nominee Deed or breach of trust (excluding any breach that arises as a result of any fraud, dishonesty or wilful misconduct) by the Nominee or any of its officers, employees or agents in the performance of the Nominee's duties as trustee of the Relevant Trusts, the Nominee will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability, but will not be liable to pay an amount that is greater than the amount that the Nominee would have been able to recover under the Nominee Indemnity Provisions in relation to the relevant liability if its right to be indemnified under the Nominee Indemnity Provisions had not been prejudiced.
- (i) Clause 16.10(b) to 16.10(h) do not apply to any damages suffered by or amounts owing to another party which result from a breach or non-performance of an Obligation by the Nominee to the extent that those damages or amounts owing are not satisfied because the right of the Nominee to be indemnified under the Nominee Indemnity Provisions is prejudiced as a result of any fraud, dishonesty, or wilful misconduct by the Nominee or any of its officers, employees or agents in the performance of the Nominee's duties as trustee of the Relevant Trusts.
- (j) The parties (other than the Nominee) agree that no act or omission of the Nominee (including any related failure to satisfy any Obligations) will constitute fraud, negligence, breach of trust, breach of any obligations under the Nominee Deed, dishonesty or wilful misconduct of the Nominee or of any of its officers, employees or agents for the purposes of this clause 16.10 to the extent to which the act or omission was caused or contributed to by any failure of a party to this Deed (other than the Nominee) or any other person (other than an officer, employee or agent of the Nominee) to fulfil its obligations relating to the Relevant Trusts or by any other act or omission of a party to this Deed (other than the Nominee) or any other person (other than an officer, employee, or agent of the Nominee).
- (k) No attorney, agent, or other person appointed in accordance with this document has authority to act on behalf of the Nominee in a way which exposes the Nominee to any personal liability (except in accordance with the provisions of clause 16.10) and no act or omission of such a person will be considered fraud, negligence, dishonesty, wilful misconduct, breach of any obligations under the Nominee Deed

or breach of trust by the Nominee or an officer, agent or employee of the Nominee for the purposes of this clause 16.10.

16.11 Indemnity from Appointing Beneficiaries

- (a) If the Company suffers, incurs or is liable to the Nominee for any Expenses arising out of or in connection with any Shares held by the Nominee on behalf of an Appointing Beneficiary, subject to clause 16.11(b), the relevant Appointing Beneficiary must indemnify the Company in respect of those Expenses.
- (b) The Company agrees with each Appointing Beneficiary that it will meet the Nominee's out-of-pocket expenses and any internal costs of the Nominee relating to actions and directions by the Appointing Beneficiary in relation to its Beneficial Shares in the ordinary course. This does not apply in relation to Expenses that would have been incurred in comparable circumstances by the Appointing Beneficiary had it been the registered holder of the relevant Shares.
- (c) For the avoidance of doubt, clause 16.11(b) does not apply in relation to:
 - (i) any taxes or duties in relation to any Shares or dealings in Shares; or
 - (ii) any expenses or liabilities arising in connection with any action or direction by an Appointing Beneficiary which is in breach of any legal or contractual obligation (including a breach of this Deed),

nor is it intended to require the Company to meet Expenses incurred as a result of actions or directions by an Appointing Beneficiary that are unreasonable or otherwise outside the ordinary course (for example persistent requests for copies of the register of Appointing Beneficiaries or other documents beyond what would reasonably be expected).

16.12 Nominee Transfer

Provided that clauses 3.13 and 16.2 are observed but despite anything to the contrary in this Deed, nothing in this Deed:

- (a) prevents or limits the ability of the Nominee to, or the Company to require that the Nominee or a Shareholder, undertake a Nominee Transfer at any time; or
- (b) confers on any other Shareholder any rights with respect to any Nominee Transfer, including any rights under clause 16.

Each Shareholder irrevocably appoints the Company as its attorney in accordance with clause 22 on default by it of performance of its obligations under this clause 16.12.

17. Confidentiality

17.1 Confidential Information not to be disclosed

Except as permitted by clause 17.2 each Shareholder:

- (a) must hold the Confidential Information in strict confidence and not disclose it to any person who is not a party to this deed;
- (b) must only use any Confidential Information for the purposes of the Business, to make decisions regarding its investment in the Company or to exercise its rights or perform its obligations under this deed and, in particular, must not use any Confidential Information for its own commercial purposes or to the current or potential competitive disadvantage of the Company;

- (c) must not copy, extract, record or reproduce any Confidential Information except to the extent reasonably required to enable a party to perform its obligations under this deed;
- (d) must store all Confidential Information so that it is protected from unauthorised access, use, copying, reproduction or disclosure and in a way that it can be retrieved later; and
- (e) must promptly notify the Company if it becomes aware or suspects that any Confidential Information has been, or is likely to be, held, disclosed, used, copied, reproduced or stored in a way that is inconsistent with the terms of this deed.

17.2 Permitted disclosure

Nothing in this deed prevents a Shareholder from disclosing Confidential Information:

- (a) if disclosure is required to be made by law or the rules of a recognised stock or securities exchange and the party whose obligation it is to keep matters confidential or procure that those matters are kept confidential:
 - (i) has not through any voluntary act or omission (other than the execution of this deed) caused the disclosure obligation to arise; and
 - (ii) has, before disclosure is made, notified the Company of the requirement to disclose and, where the relevant law or rules permit and where practicable to do so, given the Company a reasonable opportunity to comment on the requirement for and proposed contents of the proposed disclosure;
- (b) if disclosure is made by way of a written announcement the terms of which have been agreed in writing by the Company before the announcement is made in accordance with clause 17.4;
- (c) if disclosure is reasonably required to enable a party to perform its obligations under this deed;
- (d) if disclosure is made to a Related Entity of the Shareholder but only if that person has entered into a written agreement in favour of the Company undertaking to keep the Confidential Information confidential;
- (e) if disclosure is made by the Shareholder in its capacity as trustee of a trust to a beneficiary of that trust but only if the beneficiary has entered into a written agreement in favour of the Company undertaking to keep the Confidential Information confidential;
- (f) if disclosure is made to a Representative of the Shareholder that has a need to know the relevant Confidential Information but only if that person has entered into a written agreement in favour of the Company undertaking to keep the Confidential Information confidential;
- (g) with the prior written approval of the Company; or
- (h) to a bona fide potential buyer of its Securities (or any financier who has made a bona fide proposal to provide finance to that buyer) but only if those persons have entered into a written agreement in favour of the Company undertaking to keep that Confidential Information confidential.

17.3 Return of Confidential Information

A Shareholder that ceases to be a Shareholder must, at its own expense, within 5 Business Days of the date on which the Shareholder Disposes of its entire interest in Shares, , return to the Company all documents and other materials containing Confidential Information in the possession, power or control of the Shareholder or its Representatives (whether or not created by the Shareholder or its Representatives).

17.4 Procedure for making announcements

Before a party makes any announcement or issues any other written publicity in connection with this deed, the Business or the Company, the party must first:

- (a) deliver a copy of the proposed announcement or publicity to the Company and any party named in that document;
- (b) give the Company each other party named in that document a reasonable opportunity to review and comment on the proposed announcement or publicity; and
- (c) amend any factual inaccuracy and consider in good faith any other comments notified to it by the Company and any other party named in that document.

18. Termination

18.1 Automatic Termination

Subject to clause 18.2, this Deed will terminate automatically:

- (a) on or about the date of, but no later than, completion of an IPO as determined by the Board;
- (b) by agreement of all parties;
- (c) for any Shareholder, when it ceases to hold, directly or indirectly, any Shares in the capital of the Company, at which time that Shareholder will have no further rights or obligations under this Deed, except in respect of any prior breach of this Deed;
- (d) upon the appointment of a receiver or a liquidator to the Company, whether voluntarily or involuntarily;
- (e) on the date when the Company is wound up;
- (f) on the date on which one person becomes the beneficial owner all of the Shares; or
- (g) on the day on which an agreement to sell all of the Shares is completed.

18.2 Consequences of termination

- (a) On termination of this Deed this Deed is at an end as to its future operation, except that termination:
 - (i) will be without prejudice to any obligations of the parties which accrued prior to that termination and which remain unsatisfied; and
 - (ii) will not affect any provision of this Deed which is expressed to come into effect on, or to continue in effect after, termination.

- (b) The provisions of and the rights and obligations of each Party under each of the Surviving Clauses survive the termination of this Deed.

18.3 Winding up the Company

If the Company is to be wound up the proceeds of the winding up must be distributed to the Shareholders of the Company at that time in accordance with the provisions of the Constitution.

19. Dispute resolution

19.1 Dispute or difference

If a dispute or difference:

- (a) arises in respect of any fact, matter or thing arising out of, or in any way in connection with, this deed, or the conduct of a party in relation to the subject matter of this deed at any time; and
- (b) is not required to be determined in accordance with a procedure in another clause in this deed,

the dispute or difference must be determined in accordance with the procedure in this clause 18.1.

19.2 Dispute Notice

If a dispute or difference of the type contemplated by clause 19.1 arises, any party (**Disputing Party**) may give a notice in writing to the Company, and each other party whose rights or obligations may be affected by the dispute (**Other Parties**) specifying:

- (a) the dispute or difference;
- (b) particulars of the dispute or difference; and
- (c) the position which the party believes is correct.

(**Dispute Notice**).

19.3 Executive negotiation

If a Dispute Notice is given, the Disputing Party, the Company and the Other Parties must meet and undertake genuine and good faith negotiations with a view to resolving the dispute or difference specified in that Dispute Notice.

19.4 Mediation

If the dispute or difference specified in a Dispute Notice is not resolved within 10 Business Days after the date on which the Company and Other Parties receive that Dispute Notice, the dispute or difference must be referred to mediation in accordance with, and subject to, the Mediation Rules of the Australian Centre for International Commercial Arbitration.

19.5 Severance

If at any time any provision of this clause 18.1 is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of this clause 18.1; or

- (b) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this clause 18.1.

20. Specific performance

20.1 Injunction

Each Shareholder and the Company agree that specific performance and injunctive relief would be appropriate remedies in the event of any breach or threatened breach of this Deed. Without limiting the generality of the foregoing, should any controversy arise concerning a sale or disposition of any Shares, an injunction may be issued restraining any sale or disposition pending the determination of such controversy and the resolution thereof shall be enforceable in a court of equity by a decree of specific performance. The remedies specified in this clause 20 shall be cumulative and not exclusive, and shall be in addition to any other remedies which the parties may have.

20.2 Confirmation

Each Party confirms to each other Party that, for the purposes of entering into the transactions contemplated by this Deed:

- (a) it has entered into such transactions entirely on the basis of its own assessment of the risks and effect thereof, except as expressly set out in this Deed it is owed no duty of care or other obligation by any other Party in respect thereof; and
- (b) insofar as it is owed any duty or obligation (not expressly set out in this Deed) (whether in contract, tort or otherwise) by such other Party it hereby waives, to the extent permitted by law, any rights which it may have in respect of such duty or obligation.

21. Limitation of liability - Trustee

21.1 Defined terms

In this clause 21:

- (a) **Trustee** means any entity which is or becomes a party to this Deed in the capacity as trustee or responsible entity of a Trust.
- (b) **Trust** means the trust of which the Trustee is the trustee or responsible entity.
- (c) **Trustee Liability** means any liability or obligation (of any kind including, without limitation, for negligence, in tort, in equity, or under statute) of the Trustee which arises in any way under or in connection with this Deed or its performance, or any representation, warranty, conduct, omission, agreement or transaction made under or in connection with this Deed or its performance.

21.2 Scope and limitation of liability

- (a) The Trustee enters into this Deed in its capacity as trustee of the Trust and in no other capacity.
- (b) The parties acknowledge that the Trustee incurs the Trustee Liabilities solely in its capacity as trustee of the Trust and agree that (to the maximum extent permitted by law) the Trustee will cease to have any Trustee Liability if the Trustee ceases for any reason to be trustee of the Trust.
- (c) A Trustee Liability may be enforced against the Trustee only to the extent to which:

- (i) the Trustee is actually indemnified in respect of that Trustee Liability out of the property of the Trust; and
 - (ii) there is sufficient property held by the Trustee as trustee at the time, which is available to meet that indemnity (after all Trust assets have been allocated to meet the indemnity and any other valid Claims).
- (d) Subject to clause 21.2(e), no person will be entitled to:
- (i) claim from or commence proceedings against the Trustee in respect of any Trustee Liability in any capacity other than as trustee of the Trust;
 - (ii) enforce or seek to enforce any judgment in respect of any Trustee Liability against any property of the Trustee other than property held by the Trustee as trustee of the Trust;
 - (iii) take any steps to procure or support the appointment of a liquidator, administrator or any other similar office holder to the Trustee on the basis of a Trustee Liability, or prove in any liquidation, administration or arrangement of or affecting the Trustee; or
 - (iv) in respect of a Trustee Liability, appoint or take any steps to procure or support the appointment of a receiver or receiver and manager to any property of the Trustee, other than property which is held by it in its capacity as trustee of the Trust.
- (e) The restrictions in clauses 21.2(c) and 21.2(d) do not apply to any Trustee Liability to the extent to which there is, whether under the trust deed in relation to the relevant Trust or by operation of law, a reduction in the extent of the Trustee's indemnification, or in respect of which the Trustee is not entitled to be indemnified, out of the property of the Trust, as a result of the Trustee's fraud, negligence or breach of trust.
- (f) Each other party to this Deed agrees that no act or omission of the Trustee (including any related failure to satisfy any Trustee Liabilities) will constitute fraud, negligence or breach of trust of the Trustee for the purposes of clause 21.2(e) to the extent to which the act or omission was caused or contributed to by any failure of that party to fulfil its obligations relating to the Trust or by any other act or omission of that party.
- (g) No attorney, agent or other person appointed in accordance with this Deed has authority to act on behalf of the Trustee in a way which exposes the Trustee to any personal liability, and no act or omission of such a person will be considered fraud, negligence or breach of trust of the Trustee for the purposes of clause 21.2(e).
- (h) This limitation of the Trustee's Liability applies despite any other provisions of this Deed and extends to all Trustee Liabilities of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Deed or its performance.
- (i) The Trustee is not obliged to do or refrain from doing anything under this Deed (including incur any liability) unless the Trustee's liability is limited in the same manner as set out in clauses 21.2(a) to 21.2(h) (both inclusive).
- (j) Clauses 21.2(a) to 21.2(i) (both inclusive) survive the termination or expiry of this Deed.

22. Powers of attorney

22.1 Powers of attorney

- (a) Each appointment of an attorney by a Shareholder under clauses 4.4, 5.6, 6.4, 16.2(d)(ii), 16.6(e), 16.7(g), 16.12 or 27.1(b) (**Appointor**) is made on the terms set out in this clause 22.
- (b) The Appointor irrevocably appoints the Company and each of its Directors as its attorney to give effect to any of clauses 4, 5, 6, 16 or 27.1 including to take any of the following actions:
- (i) to complete and execute (under hand or under seal) such documents for and on its behalf as are necessary or otherwise appropriate to give effect to any actions of the Shareholder, or any transactions in accordance with this document (including provisions of clauses 4, 5, 6, 16 or 27.1);
 - (ii) to call for, agree to short notice being provided in respect of, speak at and attend general meetings of, the Company (including any class meeting);
 - (iii) to vote or grant a proxy in favour of any person to vote (or appoint an authorised representative to vote) on behalf of the Appointor (to the exclusion of the Appointor) at any meeting or class meeting of holders of Shares (or any class of them);
 - (iv) to instruct and direct the Nominee or any party that is a bare trustee holding Shares on trust for the Appointor, to take all actions appropriate to implement any transaction or carry out any other matter, under or contemplated by any this document, including to instruct such person to execute, under hand or under seal and deliver (conditionally or unconditionally) any appropriate documents and to dispose of any Shares; and
 - (v) to execute circulating shareholder resolutions on behalf of the Appointor,
- in each case on the Appointor's behalf.
- (c) Whenever an Appointor appoints an attorney under clauses 4.4, 5.6 or 6.4 it hereby appoints the Company as its agent as follows:
- (i) the Company will hold the purchase moneys on trust for the Appointor;
 - (ii) receipt by the Company of the purchase moneys will be good discharge of the buyer's obligation to the Appointor and the buyer will not be bound to see to the application of it; and
 - (iii) the Company must pay the purchase moneys to the Appointor on surrender of the relevant share certificates or other instruments of ownership (as appropriate for Shares other than shares),

and if the Appointor defaults in relation to the provision of share certificates, the Appointor indemnifies the buyer against any Claims, demands and costs arising in any way in connection with the non-provision of those share certificates.

22.2 Validity of acts

Each Appointor:

- (a) declares that all acts and things done by an attorney appointed under this clause 22 in exercising powers under the power of attorney in clause 22.1 will be as good and valid as if they had been done by that Appointor and ratifies and confirms whatever the attorney lawfully does, or causes to be done, under the appointment in clause 22.1;
- (b) agrees that it will not, for so long as the power of attorney in this clause 22 is in effect:
 - (i) grant any power of attorney or other instrument conferring on persons other than the attorneys appointed in this clause 22 rights which contradict or are otherwise inconsistent with some or all of the rights granted under the power of attorney in this clause 22; or
 - (ii) personally take any action which would result in the suspension of the power of attorney in this clause 22 or otherwise contradict or be inconsistent with the power of attorney in this clause 22, including attending any meeting and voting at that meeting if an attorney appointed under clause 22.1 is present and intends to vote at the meeting pursuant to a lawful exercise of the attorney's powers; and
- (c) without prejudice to the other provisions of this clause 22, must deliver to the Company and to each Director on demand any power of attorney, instrument of transfer or other document which the Company or a Director requires for the purposes of any transaction or action contemplated by clause 22.1.

22.3 Waiver and release

Except to the extent of fraud, wilful misconduct or gross negligence of the attorney, each party:

- (a) releases and discharges each attorney appointed under clause 22.1 from any and all claims and liabilities, in law or equity, that it ever had, now has, would but for this clause have had or may have in the future (whether known at the date of this document or not) in respect of, or in any way in connection with, the exercise by the attorney of its powers under this clause 22;
- (b) agrees that this clause 22.3 may be pleaded as a complete bar to any claim or action brought by it against an attorney appointed under clause 22.1 in respect of, or in any way in connection with, the exercise by the attorney of its powers under this clause 22; and
- (c) covenants never to sue or assert any claim or cause of action against any attorney appointed under clause 22.1 with respect to, or in any way in connection with, the exercise by the attorney of its powers under this clause 22.

22.4 Irrevocable

Each Appointor declares that the power of attorney in clause 22.1 is given for valuable consideration (including the mutual promises in this document) and is irrevocable while the relevant Appointor holds any Shares. For the avoidance of doubt, each Appointor agrees that if some or all of the Appointor's Shares are disposed of in accordance with this document (or an Appointor directs the Nominee to do so), the appointment by the Appointor of the attorneys remains effective in respect of the Appointor and the remaining Shares held by the Appointor.

22.5 Conflict of interest

Each attorney may exercise a power under the power of attorney in this clause 22 even if:

- (a) it involves a conflict of duty; or

- (b) any attorney, appointee of the attorney as a director of any Group Company, party, and/or Representative of a party has a personal interest in the doing of that act.

22.6 Benefits

Each attorney is expressly authorised to do any act as a result of which a benefit is conferred on it, any appointee of the attorney, a director of a Group Company, any Group Company, any party and/or Representative of a party.

22.7 Survival

Clauses 22.2, 22.3, 22.6 and 22.7 survive termination of this document (for all parties or for any specific party) indefinitely.

23. Payments

23.1 Direction

Any reference in this deed to a payment to any party includes payment to another person at the direction of that party.

23.2 Method of payment

Payment of any amount due under this deed by any party must be made by the paying party to the recipient party:

- (a) by electronic funds transfer to an account with an Australian bank specified by the recipient party to the paying party at least 3 Business Days before the due date for payment and confirmed by the paying party to the recipient party by notice;
- (b) by unendorsed bank cheque drawn on an Australian bank or other immediately available funds; or
- (c) in any other manner reasonably required by the recipient party in writing.

23.3 No deduction

Any payment to be made under this deed must be made free and clear of any set off, deduction or withholding, except where that set off, deduction or withholding is required or compelled by law.

23.4 Gross up for withholdings

Any person who is required or compelled by law to make any deduction or withholding from any amount payable under this deed must, to the extent permitted by law, pay to the payee an additional amount sufficient to ensure that the amount received by the payee equals the full amount that would have been received by the payee, if that deduction or withholding had not been required or compelled.

24. GST

24.1 Interpretation

The parties agree that:

- (a) except where the context suggests otherwise, terms used in this clause 24 have the meanings given to those terms by the GST Act (as amended from time to time);

- (b) any part of a supply that is treated as a separate supply for GST purposes (including attributing GST payable to tax periods) will be treated as a separate supply for the purposes of this clause 24; and
- (c) any consideration that is specified to be inclusive of GST must not be taken into account in calculating the GST payable in relation to a supply for the purpose of this clause 24.

24.2 Reimbursements and similar payments

Any payment or reimbursement required to be made under this deed that is calculated by reference to a cost, expense, or other amount paid or incurred will be limited to the total cost, expense or amount less the amount of any input tax credit to which an entity is entitled for the acquisition to which the cost, expense or amount relates.

24.3 GST payable

If GST is payable in relation to a supply made under or in connection with this deed then any party (**Recipient**) that is required to provide consideration to another party (**Supplier**) for that supply must pay an additional amount to the Supplier equal to the amount of that GST at the same time as other consideration is to be provided for that supply or, if later, within 5 Business Days of the Supplier providing a valid tax invoice to the Recipient.

24.4 Variation to GST payable

If the GST payable in relation to a supply made under or in connection with this deed varies from the additional amount paid by the Recipient under clause 24.3 then the Supplier will provide a corresponding refund or credit to, or will be entitled to receive the amount of that variation from, the Recipient. Any payment, credit or refund under this paragraph is deemed to be a payment, credit or refund of the additional amount payable under clause 24.3.

25. Notices

25.1 Form

- (a) Unless this Deed expressly states otherwise, all notices, demands, certificates, consents, approvals, waivers and other communications in connection with this Deed must be in writing and signed by the sender (if an individual) or an authorised officer of the sender.
- (b) All communications (other than email communications) must also be marked for the attention of the contact person of the relevant party listed in clause 25.6 (and if no such contact person is provided, marked for the attention of relevant party;
- (c) Email communications must state the first and last name of the sender and are taken to be signed by the named sender.

25.2 Delivery

Communications must be:

- (a) left at the address of the relevant party listed in clause 25.6;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address of the relevant party as set out in Notice Details; or
- (c) sent by email to the address of the relevant party as set out in the Notice Details.

If the intended recipient has notified changed contact details as referred to in clause 25.6, then communications must be sent to the changed contact details.

25.3 When effective

Communications take effect from the time they are received or taken to be received under clause 25.4 (whichever happens first) unless a later time is specified in the communication.

25.4 When taken to be received

Subject to clause 25.5, communications are taken to be received:

- (a) if left at the address of the recipient, on delivery;
- (b) if sent by post, 3 Business Days after posting (or 5 days after posting if sent from one country to another);
- (c) if sent by email:
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) 4 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that delivery failed,

whichever happens first.

25.5 Receipt outside business hours

Despite anything else in this clause 25, if communications are received or taken to be received under clause 25.4 after 5.00pm on a Business Day or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day. For the purposes of this clause 25.5, the place in the definition of Business Day is taken to be the place specified in the Notice Details as the address of the recipient and the time of receipt is the time in that place.

25.6 Notice Details

The notice details for the parties are set out below:

(a) **The Company**

Attention: Gregory James Ruddock

Address: C/- Ironbridge Level 32, 264-278 George Street, Sydney NSW 2000

Email: gruddock@ironbridge.com.au

(b) **The Nominee**

Attention: Head of Custody

Address: Level 18, 123 Pitt Street, Sydney NSW 2000

Email: CCScustody@perpetual.com.au

(c) **Other (registered) Shareholders that are not Direct Shareholders**

As provided for in the Accession Deed Poll.

(d) **Direct Shareholders**

The details as provided for in the register of members of Prospa or related documents as at the record date for the Scheme, or otherwise as provided for in a duly executed Accession Deed Poll.

(e) **Appointing Beneficiaries**

As provided for in the Accession Deed Poll or, if not provided therein but included in the register of members of Prospa or related documents as at the record date for the Scheme, those details.

A party may change the details with respect to that party referred to above by written notice to the Company. The Company will record those details in the statutory registers of the Company or, in the case of an Appointing Beneficiary, the Trust Register Details. These details (as updated from time to time are referred to as the **Notice Details**).

26. Entire agreement

To the extent permitted by law, this deed, the Nominee Deed, the constitution of the Company and any other documents executed in connection with this deed:

- (a) embodies the entire agreement of the parties about the subject matter of this deed; and
- (b) supersede all previous agreements, understandings and negotiations on that subject matter and all other communications.

27. General

27.1 Amendments

- (a) Except as provided for in clause 16.3, this deed may only be varied by a document signed by or on behalf of Shareholders holding 90% of the Shares.
- (b) Any variation effected in accordance with this clause 27.1 will be binding upon all of the Shareholders, each future holder of Shares, and the Company. Each Shareholder hereby irrevocably appoints the Company and each director of the Company as its agent and attorney with the authority to receive, approve and sign in that Shareholder's name and on its behalf any document necessary or desirable to give effect any termination or amendment of this deed approved under clause 27.1(a) (and the provisions of clause 22 apply in relation to that appointment as attorney).
- (c) The Company must give prompt written notice of any amendment, exercise or waiver under this clause 27.1 to any party that did not consent in writing under this clause 27.1(a).
- (d) Any amendment effected in accordance with this clause 27.1 will be binding on each party and all of such party's successors and permitted assigns, whether or not any such party, successor or assignee entered into or approved such amendment or termination.

27.2 Assignment

A party cannot assign or otherwise transfer any of its rights under this deed without the prior consent of each other party.

27.3 Consents

Unless this deed expressly provides otherwise, a consent under this deed may be given or withheld in the absolute discretion of the party entitled to give the consent and to be effective must be given in writing.

27.4 Electronic execution

- (a) Each Party unconditionally and irrevocably acknowledges and agrees that:
- (i) it consents to the formation and execution of this Deed and any amendments or variations to it by way of electronic signature and to any method used by the parties to identify the signatories to this Deed;
 - (ii) it will be bound by the terms of this Deed if it is executed by any other parties to it using electronic signature; and
 - (iii) if it executes this Deed using electronic signature, it intends to be legally bound by its terms, and the other parties to this Deed can rely on its execution, with the same effect as if the Deed had been signed in wet ink.
- (b) In this clause 27.4, electronic signature includes 'electronic communication' (as defined in the Act) and any other method of electronic signature permitted by applicable law (including insertion of the signer's name or digitised signature by electronic means including by use of a digital signing platform or signing on an electronic device).

27.5 Counterparts

This Deed may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes an original of this Deed, and all together constitute one deed.

27.6 Further acts and documents

Each party must promptly do, and procure that its employees and agents promptly do, all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law or reasonably requested by another party to give effect to this deed and the transactions contemplated by it.

27.7 No merger

A party's rights and obligations do not merge on completion of any transaction under this deed.

27.8 Severance

If any provision or part of a provision of this deed is held or found to be void, invalid or otherwise unenforceable (whether in respect of a particular party or generally), it will be deemed to be severed to the extent that it is void or to the extent of voidability, invalidity or unenforceability, but the remainder of that provision will remain in full force and effect.

27.9 Expenses

Except as otherwise provided in this Deed, each Party must pay their own costs and expenses incurred in connection with negotiating, preparing and executing this Deed.

27.10 Operation of indemnities

Without limiting any other provision of this deed, the parties agree that:

- (a) each indemnity in this deed is a continuing obligation, separate and independent from the other obligations of the parties, and survives termination, completion or expiration of this deed; and
- (b) it is not necessary for a party to incur expense or to make any payment before enforcing a right of indemnity conferred by this deed.

27.11 Waivers

Without limiting any other provision of this deed, the parties agree that:

- (a) failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement of, a right, power or remedy provided by law or under this deed by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed;
- (b) a waiver given by a party under this deed is only effective and binding on that party if it is given or confirmed in writing by that party; and
- (c) no waiver of a breach of a term of this deed operates as a waiver of another breach of that term or of a breach of any other term of this deed.

28. Governing law and jurisdiction

28.1 Governing law and jurisdiction

This deed is governed by the law applying in New South Wales. Each party irrevocably submits to the non exclusive jurisdiction of the courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this deed, and waives any objection it may have now or in the future to the venue of any proceedings, and any claim it may have now or in the future that any proceedings have been brought in an inconvenient forum, if that venue is in accordance with the provisions of this clause 28.1.

Schedule 1 Consent matters

Part 1 (Clause 11.12 Matters for Directors)

1. Declare, make or pay any dividend or other distribution;
2. agree and adopt, vary or replace any Business Plan and Budget, including:
 - (a) Profit and loss and loan book targets; and
 - (b) Capital expenditure and technology expenditure;
3. adopt, vary or replace any officer or employee incentive scheme which may involve the issue of a Security;
4. issue or grant any right to issue any Securities or any other security in any Group Company where the issue or grant does not require approval of the Shareholders in accordance with clause 12.7;
5. implement an IPO;
6. authorise any borrowings, obtain any credit or enter into other facilities, including agree to or permit any amendment to the terms of any such borrowings, credit or other facilities, except in the ordinary course of conduct of the Business;
7. grant any licence to or enter into any agreement to sell or create rights in favour of, a third party to enable such third party to use, or otherwise have rights over, any of the intellectual property of a Group Company if and to the extent that any such licence or agreement adversely affects the interests of the Group Companies;
8. give any guarantees or security for the obligations of any person, other than another Group Company, or in the ordinary course of business;
9. enter into any other transaction, other than in the ordinary course of the conduct of the Business, unless expressly provided for in this Agreement; or
10. authorise, or agree conditionally or otherwise to do, any of the things referred to in paragraphs 1 to 9 above.

Part 2 (Clause 12.7 Matters for Shareholders)

11. The issue or grant of Securities made by the Company other than Securities issued by the Company pursuant to clauses 8.2(a) and 8.2(b), during the previous twelve-month period, where such issue or grant represents 10% or more of the issued capital of the Company's issued share capital (calculated on a fully diluted basis);
12. any capital return, Share buyback, reduction of capital or other corporation reorganisation of the Company except as expressly referred to in this Agreement;
13. any disposal by the Group Companies of the Business or the material assets of the Business (for which purpose material assets refer to assets having a value of not less than ten percent (10%) of the value of all of the assets of the Business);
14. the acquisition by the Company or a Subsidiary of any other business (including any corporate entity), or the acquisition of any business assets other than in the ordinary and regular course of conduct of the Business;
15. ceasing to carry on the Business or any significant change in the nature of the Business or its operational activities, or any transfer of all or a major part of the Business to an offshore venue;

16. the Company or a Subsidiary engaging in any related party transactions, within the meaning of Chapter 2E of the Corporation Act, that would require approval of Shareholders if the Company or Subsidiary were a public company;
17. any liquidation, dissolution or winding-up of the Company;
18. the making by the Company or a Subsidiary of any loans or the grant of facilities to any of their directors or shareholders, or any of their Related Entities or Relatives, other than by a Group Company to another Group Company, or a loan to any person in the ordinary course of Business and on arms' length terms;
19. any modification to or amendment of the Company's Constitution or of any of the rights or obligations applicable to any of the Shares;
20. the appointment, removal or replacement of the Auditor or a change to the Financial Year of the Group Companies; or
21. the Company or a Subsidiary authorising, or agreeing conditionally or otherwise to do, any of the things referred to in paragraphs 11 to 20 above.

Schedule 2 Warranties

1. Parties

1.1 Capacity and authorisation

The party:

- (a) if it is a corporation, is a company properly incorporated and validly existing under the laws of Australia;
- (b) has the legal right and full power and capacity or if the party is a corporation, full corporate power and capacity to:
 - (i) execute and deliver this deed; and
 - (ii) perform its obligations under this deed and each transaction effected by or made under this deed,

and has obtained all necessary authorisations and consents and taken all other actions necessary to enable it to do so.

1.2 Valid obligations

Each Transaction Document constitutes (or will when executed constitute) valid legal and binding obligations of the party in accordance with its terms and is enforceable against the party in accordance with their respective terms.

1.3 Breach or default

The execution, delivery and performance of this deed by the party does not and will not result in a breach of or constitute a default under:

- (a) any agreement to which the party is party;
- (b) if it is a corporation, any provision of the constitution of the party; or
- (c) any law or regulation or any order judgment or determination of any court or Regulatory Authority by which the party is bound.

1.4 Trustee

In respect of any party that enters into the deed as trustee of a trust, the trustee:

- (a) has been validly appointed as trustee of the relevant trust and is the sole trustee of the trust, which trust has been validly created and is in existence and is solely constituted by the trust deed of the trust and:
 - (i) the trust deed of the trust is not void, voidable or otherwise unenforceable;
 - (ii) a date has not been declared under the trust deed of the trust as the date on which the trust will be vested or come to an end;
 - (iii) all stamp duty properly payable on the trust deed of the trust has been paid; and

- (iv) as far as the trustee is aware, no proceedings of any description have been or are likely to be commenced or threatened which could have a material adverse effect on the assets or financial position of the trust or on the trusteeship of the trustee of the trust;
- (b) has in its capacity as trustee of the trust valid rights of indemnity against the assets of the trust for all liabilities incurred by it in its capacity as trustee of the trust (including those incurred by it under this deed), which rights are not limited in anyway (by set-off or otherwise) and are available for satisfaction of all liabilities and other obligations incurred by the trustee under this deed;
- (c) is not in breach of its obligations under the trust deed of the relevant trust and, so far as the trustee is aware, no allegation has been made that it has breached those obligations;
- (d) has the legal right and full power and capacity to:
 - (i) execute and deliver this deed; and
 - (ii) perform its obligations under this deed and each transaction effected by or made under this deed,

in its capacity as trustee of the trust and has obtained all necessary authorisations and consents under the trust deed of the trust and taken all other actions necessary to enable it to do so; and
- (e) the execution, delivery and performance of this deed by the trustee does not and will not result in a breach of or constitute a default under the trust deed of the trust.

1.5 Solvency of corporations

If the party is a corporation, none of the following events has occurred in relation to the party:

- (a) a receiver, receiver and manager, liquidator, provisional liquidator, administrator, trustee or anyone else is appointed who (whether or not as agent for the party) is in possession, or has control, of any of the party's assets for the purposes of enforcing an Encumbrance;
- (b) an event occurs which gives any person the right to seek an appointment referred to in paragraph (a);
- (c) an application is made to court or a resolution is passed or an order is made for the winding up or dissolution of the party or an event occurs that would give any person the right to make an application of this type;
- (d) the party proposes or takes any steps to implement a scheme of arrangement or other compromise or arrangement with its creditors or any class of them;
- (e) the party is declared or taken under any applicable law to be insolvent or the party's board of directors resolves that the party is, or is likely to become at some future time, insolvent;
- (f) any person in whose favour the party has granted any Encumbrance becomes entitled to enforce that Encumbrance or any floating charge under that Encumbrance crystallises; or
- (g) any event under any law which is analogous to, or which has a substantially similar effect to, any of the events referred to in paragraphs (a) to (f).

1.6 Solvency of individuals

If the party is an individual, none of the following events has occurred in relation to the party:

- (a) a trustee or similar officer is appointed in respect of the party or any of the party's assets;
- (b) an order is made for the bankruptcy of the party or the party's estate or an event occurs that would give a court the right to make an order of this type;
- (c) a moratorium of any debts of the party, a personal insolvency agreement or any other assignment, composition or arrangement with the party's creditors or any similar proceeding or arrangement by which the assets of the party are subjected conditionally or unconditionally to the control of the party's creditors or a trustee is ordered or applied for;
- (d) the party is declared or taken under any applicable law to be insolvent or unable to pay his or her debts or the party admits in writing that he or she is insolvent or unable to pay his or her debts;
- (e) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made or issued against or in relation to any asset of the party; or
- (f) any event under any law which is analogous to, or which has a substantially similar effect to, any of the events referred to in paragraphs (a) to (e).

CLAYTON UTZ

Schedule 3 Nominee Deed

Executed as a deed.

Executed by PGL HoldCo Limited ACN 673 816 816 in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Signature of company secretary/director

Full name of above signatory

Full name of above signatory

Attachment 1 Accession Deed Poll

Date

Parties [Insert name of acceding party] of [insert address] (**Acceding Party**)

The Acceding Party agrees in favour of and for the benefit of each and all of the following:

(a) the parties to the shareholders' deed (**Shareholders' Deed**) dated [#] made among [HoldCo] (**Company**) and the Consortium Shareholders (as defined in the Shareholders' Deed); and

(b) all persons who are or subsequently become Shareholders of the Company,

in respect of whom the Shareholders' Deed has not terminated pursuant to clause 18.1(c), and the Nominee (collectively, the **Continuing Parties**).

1. Defined terms and interpretation

1.1 Defined terms

Words and expressions used in this deed have the same meaning as those used in the Shareholders' Deed relating to the Company dated [#], as amended, varied, novated or supplemented from time to time (**Shareholders' Deed**), unless the context otherwise requires.

1.2 Interpretation

Clause 1 of the Shareholders' Deed applies in the interpretation of this deed.

2. Accession

(a) Subject to the terms of this deed, the Acceding Party accedes to:

(i) the Shareholders' Deed, and

(ii) the Nominee Deed,

as if it were an original party to that document on and from the date that the Acceding Party becomes a holder of Shares, including as an Appointing Beneficiary (**Accession Date**).

(b) The Acceding Party does not accede to the Nominee Deed if the Company has confirmed in writing to the Acceding Party prior to execution of this deed that the Acceding Party is entitled under the Shareholders' Deed to be registered as the holder of legal title to the Shares that give rise to the requirement that the Acceding Party execute this deed or the Acceding Party has issued a valid Direct Holding Notice to the Company.

3. Acceding party to be bound

(a) The Acceding Party undertakes to be bound by all the terms of the Shareholders' Deed from the Accession Date as if the definition of "Shareholder" included the Acceding Party.

(b) Subject to clause 2(b), the Acceding Party undertakes to be bound by all the terms of the Nominee Deed from the Accession Date as if the definition of "Appointing Beneficiary" in that deed included the Acceding Party.

4. Representations and warranties

The Acceding Party warrants to each other party that each Warranty is correct and not misleading as at the date of execution and delivery of the Accession Deed Poll.

5. General

5.1 Address of Acceding Party for notices

For the purposes of the Shareholders' Deed and the Nominee Deed the address of the Acceding Party to which all notices must be delivered in accordance with clause 25 of the Shareholders' Deed is:

Acceding Party

[insert Acceding Party's name]

Address: [insert address]

Email: [insert email address]

Attention: [insert name]

or, if not provided above, but included in the register of members of Prospa or related documents as at the record date for the Scheme, those details.

5.2 Governing law

This deed is governed by the law in force in New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them. Each party waives any right it has to object to an action being brought in those courts including, without limitation, by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

5.3 Further steps

The Acceding Party agrees, at its own expense, to do anything reasonably requested by the Company to give effect to the provisions of this deed poll and the transactions contemplated by it.

Annexure 6 – Nominee Deed

Nominee Deed

Perpetual Nominees Limited
(Nominee)

PGL HoldCo Limited
(Company)

Each **Appointing Beneficiary** from time to time.

Clayton Utz
Lawyers
Level 15 1 Blich Street
Sydney NSW 2000
GPO Box 9806
Sydney NSW 2001
Tel +61 2 9353 4000
Fax +61 2 8220 6700
www.claytonutz.com

Our reference 81036384

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Nominee Deed

Date 6 June 2024

Parties Perpetual Nominees Limited ACN 000 733 700 of Level 18, 123 Pitt Street, Sydney NSW 2000 (**Nominee**)

PGL HoldCo Limited ACN 673 816 816 of C/- Ironbridge Level 32, 264-278 George Street, Sydney NSW 2000 (Company)

Each **Appointing Beneficiary** from time to time.

Recital

- A. At the request of the Company, the Nominee agrees to act as trustee of each Bare Trust on the terms set out in this Deed.
- B. In consideration for the Nominee acting as trustee for each Bare Trust, the Company has agreed to indemnify the Nominee on the terms as set out in this Deed.

1. Definitions and interpretation

1.1 Definitions

In this Deed:

Accession Deed Poll means a deed substantially in the form attached as Attachment 1 of the Shareholders' Deed.

Authorised Person has the meaning given to that term in clause 7.1.

Appointing Beneficiary means each person noted on the Trusts Register as the holder of the beneficial interest in the Bare Trust Property held by the Nominee under a Bare Trust.

Beneficial Shares means, in relation to an Appointing Beneficiary, the Shares registered in the name of the Nominee in which that Appointing Beneficiary has a beneficial interest.

Bare Trust means each trust established in accordance with clause 2.2.

Bare Trust Property means, in the case of each Bare Trust:

- (a) the Shares held by the Nominee for and on behalf of the relevant Appointing Beneficiary, as shown in the Trusts Register, and
- (b) all accretions, rights and benefits attaching to the Shares referred to in paragraph (a) of this definition, including all rights to receive dividends and any other distributions, and all rights to receive or subscribe for Shares, notes, options or other securities, but excluding amounts or other property that are paid or delivered by the Company directly to the Appointing Beneficiary under this Deed and/or the Shareholders' Deed.

Board means the board of directors of the Company.

Business Day means a day which is not a Saturday, Sunday, a public holiday or a bank holiday in New South Wales, Australia.

Claim means any allegation, cause of action, action, dispute, claim, debt, Liability, proceeding, investigation, inquiry, prosecution, litigation, arbitration, mediation or dispute resolution, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at law, in equity, under statute or otherwise.

Company means PGL HoldCo Limited ACN 673 816 816.

Confidential Information has the meaning given to it in clause 14.

Corporations Act means *Corporations Act 2001* (Cth).

Deed means this deed including its recitals, schedules and annexures.

Dispose means in relation to a person and any property means:

- (a) to sell, offer for sale, transfer, assign, swap, surrender, gift, create or allow to exist an Encumbrance, option or trust over or otherwise deal with or dispose of that property (or any legal or beneficial interest in it or part of it);
- (b) to do anything which has the effect of placing a person in substantially the same position as if that person had done any of the things specified in paragraph (a); or
- (c) authorise, or agree conditionally or otherwise to do, any of the things referred to in paragraph (a),

and **Disposal** has a corresponding meaning.

Encumbrance means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

Group Company means the Company and each of its Subsidiaries.

Implementation Date means the date of implementation of the Scheme.

Instruction means a written instruction to the Nominee in respect of or in connection with the Bare Trust Property which is signed by an Appointing Beneficiary, or an Authorised Person on behalf of an Appointing Beneficiary, and which also satisfies matters in clause 6.1 (subject to the other provisions of clause 6).

Individual Costs means any of the following incurred by a party other than a Group Company:

- (a) advisory costs for tax, legal or other professional advice given to that party in connection with an exit or other relevant transaction, as applicable, which is not advice for the benefit of other parties;
- (b) tax; and
- (c) a Liability arising out of any claim, action or proceeding of any nature in connection with an exit or other relevant transaction, as applicable, unless otherwise approved by the Board.

Liability means all liabilities, obligations, damages, losses, costs, interest, fees, penalties, fines, assessments, forfeiture and expenses of whatever description (whether actual, contingent, current or prospective), and irrespective of when the act, event or thing giving rise to the liabilities, obligations, damages, losses, costs, interest, fees, penalties, fines, assessments, forfeiture and expenses occurs.

Nominee means Perpetual Nominees Limited.

Obligations means all Liabilities of whatever kind undertaken or incurred by, or devolving upon, the Nominee under or in respect of this Deed or the Shareholders' Deed.

Prospa means Prospa Group Limited ABN 13 625 648 722.

Prospa Register means the register of members of Prospa maintained in accordance with the Corporations Act.

Regulatory Authority means:

- (a) any government or local authority and any department, minister or agency of any government; and
- (b) any other authority, agency, commission or similar entity having powers or jurisdiction under any law or regulation or the listing rules of any recognised stock or securities exchange.

Replacement Nominee has the meaning given to it in clause 13.3.

Related Body Corporate has the meaning given to it in section 50 of the Corporations Act.

Scheme means the scheme of arrangement implemented pursuant to the Scheme Implementation Deed.

Scheme Implementation Deed means the deed dated 26 February 2024 between the Company, BidCo and the Prospa, for the acquisition of Shares in Prospa by the Company or one of its wholly owned subsidiaries pursuant to a scheme of arrangement under Part 5.1 of the Corporations Act.

Security Interest has the meaning given in section 12 of the PPSA.

Share means a fully paid ordinary share in the Company having the rights and restrictions attaching to it set out in the constitution of the Company.

Shareholder means a holder of a Share.

Shareholders' Deed means the document dated on or about the date of this Deed initially between the Company and Nominee, amongst others in relation to the control, management and financing of the Company.

Special Resolution of Appointing Beneficiaries means a resolution passed by at least 75% of the votes cast by Appointing Beneficiaries where:

- (a) only Appointing Beneficiaries can vote on the resolution; and
- (b) each Appointing Beneficiary is entitled to cast a vote for each Share held on trust for, or on behalf of, the Appointing Beneficiaries under this deed; and
- (c) Part 2G.2 of the Corporations Act applies as if each Appointing Beneficiary were a member of the Company.

Trusts Register means the register of Bare Trusts established and maintained by the Company in accordance with clause 11.

Trusts Register Details has the meaning given to it in clause 11.1(b)(ii).

1.2 Interpretation

Headings are for convenience only and do not affect the interpretation of this Deed. Unless the contrary intention appears, in this Deed:

- (a) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to any document (including this Deed) is to that document as varied, notated, ratified or replaced from time to time;
- (d) the meaning of general words is not limited by specific examples introduced by words like "including", "for example", "such as" or similar expressions;
- (e) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (f) a reference to a **"person"** includes an individual, the estate of an individual, a corporation, a Regulatory Authority, an incorporated or unincorporated association or parties in a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (g) a reference to a particular person includes the person's executors, administrators, successors and permitted assigns including persons taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (h) a reference to a document or provision of a document is to that document or provision as varied, novated, ratified or replaced from time to time;
- (i) a reference to a party, clause, schedule, exhibit, attachment or annexure is a reference to a party, clause, schedule, exhibit, attachment or annexure to or of this Deed, and a reference to this deed includes all schedules, exhibits, attachments and annexures to it;
- (j) a reference to this deed is to this deed as varied, novated, ratified or replaced from time to time;
- (k) a reference to a time of day is a reference to Sydney, New South Wales time;
- (l) a reference to **"dollar"**, **"\$"** or **"A\$"** is a reference to the currency of Australia;
- (m) a reference to **"law"** includes common law, principles of equity and legislation (including regulations);
- (n) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (o) a reference to **"regulations"** includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);
- (p) a reference to an agency or body if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or function removed (**obsolete body**), means the agency or body which performs most closely the functions of the obsolete body;
- (q) a reference to a statute includes any regulations or other instruments made under it (**delegated legislation**) and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;

- (r) unless a contrary intention appears, a reference to a person Disposing of any Shares, includes disposing of a beneficial interest in any of those Shares and instructing any trustee or other nominee (including the Nominee) to Dispose of a legal and/or beneficial interest in any of those Shares;
- (s) a reference to anything (including an amount) is a reference to the whole and each part of it provided that satisfaction of only part of an obligation (including payment of part of an amount) will not satisfy any obligation to pay the full amount;
- (t) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (u) if a party must do something under this Deed on or by a given day and it is done after 5.00pm on that day, it is taken to be done on the next day;
- (v) if the day on which a party must do something under this Deed is not a Business Day, the party must do it on the next Business Day; and
- (w) this Deed must not be construed adversely to a Party just because that Party prepared it or caused it to be prepared.

1.3 Definitions in Shareholders' Deed

Unless expressly defined in this Deed, terms defined in the Shareholders' Deed have the same meaning where used in this Deed.

1.4 Deed binding

This Deed binds the Nominee and, in the case of each Bare Trust, the Appointing Beneficiary and any other person with an interest in the Bare Trust and any person claiming through the Appointing Beneficiary as if each of them had been a party to this Deed.

1.5 Effectiveness

Except for clauses 1, 10, 12.3, 15, 19, 20, 21, 22 and 23 (which for the avoidance of doubt come into effect on execution of this Deed), all other clauses in this Deed take effect on and from implementation of the Scheme on the Implementation Date.

2. Declaration of Bare Trusts

2.1 Appointment of Nominee

The Nominee agrees to act as trustee of each Bare Trust.

2.2 Declaration of Bare Trusts

- (a) The Nominee declares that, in respect of each Appointing Beneficiary, it holds the right, title and interest in the Bare Trust Property on a separate bare trust for that Appointing Beneficiary absolutely (**Bare Trust**).
- (b) For the avoidance of doubt, each Appointing Beneficiary has a vested and indefeasible interest in, and is absolutely entitled as against the Nominee to the capital, assets and income of its respective Bare Trust and is the sole beneficiary of the Bare Trust in relation to its Bare Trust Property.

2.3 Bare Trust Property in each Bare Trust to be treated separately

The Nominee will at all times treat the Bare Trust Property of each Bare Trust separately from the Bare Trust Property of all other Bare Trusts.

2.4 Appointing Beneficiary's reservation of rights

- (a) Nothing in this Deed entitles the Nominee to beneficial ownership of any of the Bare Trust Property or operates to deprive an Appointing Beneficiary of the rights of beneficial ownership (including the right of possession) of the Bare Trust Property.
- (b) The Nominee declares that it has no beneficial interest whatsoever in the Bare Trust Property.

3. Adherence to this Deed

The Company will procure that each Appointing Beneficiary (including a proposed Appointing Beneficiary) agrees to be bound by this Deed as an Appointing Beneficiary by:

- (a) that Appointing Beneficiary or an attorney of the Appointing Beneficiary (including an attorney appointed under the Scheme) executing and delivering to the Company and the Nominee an executed Accession Deed Poll; or
- (b) virtue of any provision of the Scheme which provides that by making an election to receive Shares as consideration under the Scheme, that person will be taken to have agreed to become a party to, and bound by, this Deed.

4. Nominee's Obligations

4.1 Role of the Nominee

- (a) The Company directs, on behalf of, and as attorney for each relevant proposed Appointing Beneficiary, the Nominee to acquire the Shares which that Appointing Beneficiary is entitled to receive pursuant to the Scheme, or otherwise consistent with the provisions of the Shareholders' Deed, and to enter into and execute an Accession Deed Poll in respect of that Appointing Beneficiary, and the Nominee agrees to follow that direction (for the purposes of facilitating the transfer or issue of Shares to the Nominee).
- (b) To the extent reasonably practicable, the Nominee must:
 - (i) attend any meeting of Shareholders which the Nominee is directed by an Instruction to attend and which the Nominee is entitled to attend (provided that in the absence of an Instruction from an Appointing Beneficiary, the Nominee will not attend the relevant meeting on behalf of that Appointing Beneficiary);
 - (ii) in respect of Shares held on behalf of an Appointing Beneficiary, vote at any meeting of Shareholders in accordance with any Instruction to vote at that meeting given to the Nominee by or on behalf of that Appointing Beneficiary and at which the Nominee is entitled to vote in respect of those Shares (and in the absence of an Instruction relating to a meeting, the Nominee will not vote at that meeting);
 - (iii) if the Nominee has been directed by an Instruction by more than one Appointing Beneficiary to vote at a meeting of Shareholders (and is entitled to vote) and those Appointing Beneficiaries between them would have been entitled to demand a poll had they been the registered holder of the relevant Shares, demand a poll (and not withdraw such demand) for each resolution that the Nominee is directed by an Instruction to cast a vote on; and
 - (iv) if required by an Instruction given by or on behalf of an Appointing Beneficiary, execute all proxies, powers of attorney and other documents

which it is necessary to execute to enable the relevant Appointing Beneficiary to vote in the place of the Nominee at meetings of Shareholders in respect of that Appointing Beneficiary's Bare Trust Property.

4.2 Nominee to act on Appointing Beneficiary's Instructions

The Nominee must on the Instruction given by or on behalf of an Appointing Beneficiary and at the cost of the relevant Appointing Beneficiary:

- (a) transfer to the Appointing Beneficiary or otherwise deal with the Nominee's legal right, title and interest in any or all of the relevant Bare Trust Property as the Appointing Beneficiary (or its Authorised Person) may from time to time direct (subject to the Shareholders' Deed);
- (b) take all steps, execute all documents and do all things necessary to vest the Nominee's legal right, title and interest in any or all of the Bare Trust Property as the Appointing Beneficiary (or its Authorised Person) may from time to time direct; and
- (c) exercise all rights, powers and privileges conferred by or arising from the Bare Trust Property of a Bare Trust,

provided that:

- (d) if an Appointing Beneficiary wishes to direct the Nominee to transfer (or otherwise procure the transfer of) legal title to any of its Beneficial Shares to itself as referred to in clause 16.7(a) of the Shareholders' Deed, an Appointing Beneficiary must not give such an Instruction, and the Nominee will not be required to comply with such an Instruction, under this clause 4.2 unless the Appointing Beneficiary has:
 - (i) received the prior consent of the Board in accordance with clause 16.7(a) of the Shareholders' Deed; or
 - (ii) complied with the requirements set out in clause 16.7(b) of the Shareholders' Deed; and
- (e) the Nominee will not be held liable for any failure to comply with these obligations to the extent that such failure is due to any act, refusal to act or omission by that Appointing Beneficiary, its Authorised Person or any other person (including any failure to provide any information that is properly required by the Nominee or any competent authority) or due to the operation of law.

4.3 Nominee may only act on an Appointing Beneficiary's Instructions

- (a) The Nominee must, to the extent permitted by law, and notwithstanding any other provision of this Deed, act on the Instructions of the Appointing Beneficiaries under a power of attorney or otherwise, with the intent that each Appointing Beneficiary exercises day-to-day control over the operation of the Bare Trust of which it is the Appointing Beneficiary.
- (b) The Nominee must not in its discretion, and without an Instruction by or on behalf of an Appointing Beneficiary, make any decisions or take any action or refrain from taking any action the subject of an Instruction, over or in respect of the Bare Trust Property it holds as bare trustee for that Appointing Beneficiary.
- (c) Subject to clause 4.3(d), the Nominee will only transfer or otherwise Dispose of the Bare Trust Property of a Bare Trust as the Appointing Beneficiary in respect of that Bare Trust directs.

- (d) The Nominee and each Appointing Beneficiary acknowledge that under the Shareholders' Deed, the Appointing Beneficiary has appointed certain attorneys with authority to give Instructions to the Nominee on behalf of the Appointing Beneficiary in certain circumstances specified in the Shareholders' Deed. Notwithstanding any other provision of this Deed, each Appointing Beneficiary directs the Nominee to comply with, and the Nominee must comply with, any Instruction given on behalf of an Appointing Beneficiary by an attorney which the Appointing Beneficiary has appointed under the Shareholders' Deed.

4.4 Limitations on the Nominee

The Nominee will have no powers, duties, discretions or Liabilities under a Bare Trust except:

- (a) those expressly set out in this Deed; or
- (b) in any other document to which the Nominee is a party which is agreed to in writing by the Company and related to the subject matter of this Deed and, where the other document provides the Nominee with any powers or discretions under a Bare Trust not otherwise expressly set out in this in this Deed, also agreed in writing by the Appointing Beneficiary.

4.5 Nominee may appoint attorneys

The Nominee may appoint any one or more persons as its attorney (jointly or severally if more than one) with power to execute documents on behalf of the Nominee for the day to day administration of a Bare Trust.

4.6 Notice by Nominee

The Nominee will provide the Company with written notice of:

- (a) any Disposal of the beneficial interest in a Beneficial Share to or by an Appointing Beneficiary in accordance with the Shareholders' Deed;
- (b) any purported Disposal by an Appointing Beneficiary of its beneficial interest in any Beneficial Share in breach of the Shareholders' Deed;
- (c) any Instruction from an Appointing Beneficiary to the Nominee requesting that the Nominee Dispose of any Beneficial Shares; and
- (d) any other information which the Nominee becomes aware of which would lead to an update to the Trusts Register (unless the Company has been copied on a notice from the relevant Appointing Beneficiary under clause 5) or a breach of this Deed or the Shareholders' Deed by an Appointing Beneficiary,

as soon as practicable, but in any case, by no later than 5 Business Days after the Nominee becomes aware of the relevant event or circumstance.

5. Appointing Beneficiaries' obligations

Every Appointing Beneficiary must promptly notify the Nominee and the Company in writing of any change of name or address of the Appointing Beneficiary, any change to the Appointing Beneficiary's Bare Trust or Beneficial Shares of which it becomes aware and any other information which the Appointing Beneficiary becomes aware of which would lead to an update to the Trusts Register.

6. Instructions from Appointing Beneficiaries

6.1 Form of Instructions

Each Instruction given by an Appointing Beneficiary to the Nominee must:

- (a) be in writing in English;
- (b) be signed by an Appointing Beneficiary, or an Authorised Person on behalf of an Appointing Beneficiary (which includes any attorney appointed by the Appointing Beneficiary);
- (c) state that it is an Instruction for the purposes of this Deed;
- (d) where the instruction includes a requirement for the Nominee to execute a document, includes appropriate details of the terms and purpose of the instruction; and
- (e) be in accordance with this Deed and the Shareholders' Deed, provided that the Nominee is entitled, in its discretion, to treat an instruction as an "Instruction" for the purposes of this Deed even if it does not satisfy paragraphs (a), (b), (c) and/or paragraph (d) (but, to avoid doubt, not paragraph (e)) of this definition.

6.2 Instructions continue in force

Each Instruction continues in force until it is cancelled or superseded by a further Instruction by or on behalf of the Appointing Beneficiary.

6.3 Nominee to act promptly

Without limiting clauses 6.5 and 6.6, the Nominee will give effect to an Instruction as soon as reasonably practicable and in any event, within any time period specified for the relevant action in the Shareholders' Deed.

6.4 Nominee not required to verify Instructions

Notwithstanding clause 6.1, the Nominee:

- (a) may accept any Instruction from an Appointing Beneficiary verbally or in writing and either from the Appointing Beneficiary personally or from any person, firm or company which the Nominee has reason to believe is giving such Instruction on behalf of or with the authority of the Appointing Beneficiary;
- (b) has no obligation to verify the purpose, merits or propriety of an Instruction or any document the subject of an Instruction;
- (c) is not required to inquire as to whether any Instruction from an Appointing Beneficiary is genuine or proper; and
- (d) is entitled to rely solely on the relevant Appointing Beneficiary or its Authorised Person in respect of all matters relating to any Instruction and any transaction the subject of an Instruction.

6.5 Nominee may request further information

The Nominee may request reasonable additional information or further details from an Appointing Beneficiary or its Authorised Person in respect of any Instruction to the Nominee and the Appointing Beneficiary must promptly comply with any such request, provided that this

clause 6.5 does not impose any obligation on the Nominee to make any such enquiries and does not otherwise limit the effect of any other provision of this Deed.

6.6 Nominee not required to act on certain Instructions

The Nominee may disregard an Instruction if:

- (a) it has reasonable grounds to doubt the authenticity of the Instruction;
- (b) the Instruction is not given by an Appointing Beneficiary or Authorised Person;
- (c) it determines acting reasonably that the Instruction or acting on the Instruction would cause the Nominee or the Appointing Beneficiary to breach this Deed, the Shareholders' Deed or any law, regulations or any published policy statement or guideline of any Regulatory Authority; or
- (d) the Instruction is ambiguous or the Nominee determines that the action it is being requested to take or not take in accordance with the Instruction is unclear.

6.7 Nominee unable to act on Instruction

If the Nominee disregards, or otherwise does not fully act on, an Instruction of an Appointing Beneficiary or its Authorised Person, it must promptly (and in any event, within 2 Business Days) notify the relevant Appointing Beneficiary and the Company providing reasons for it having disregarded, or otherwise not acted on, the Instruction. Upon receipt of such a notice, the relevant Appointing Beneficiary may either:

- (a) withdraw the instruction with which the Nominee is unable to comply; or
- (b) re-issue or clarify the Instruction, in which case the Instruction will not operate until it has been re-issued or clarified.

7. Authorised Persons

7.1 Authorised Persons

An Appointing Beneficiary:

- (a) may notify the Nominee in writing of the persons who are authorised to make any written communication or take action on behalf of that Appointing Beneficiary under this Deed; and
- (b) is deemed to have authorised each person specified in clause 4.3(d) to make any written communication or take action on behalf of the Appointing Beneficiary under this Deed in accordance with the circumstances specified in the Shareholders' Deed,

(the **Authorised Persons**).

7.2 Variation of Authorised Person

An Appointing Beneficiary may vary its Authorised Persons referred to in clause 7.1(a) by written notice to the Nominee and the Company.

7.3 Nominee's action

Without limiting clause 6.6, the Nominee must accept all communications or actions concerning this Deed made by Authorised Persons of an Appointing Beneficiary, provided that those communications or actions are in accordance with this Deed. The Nominee is not

obliged to take any action in respect of an Appointing Beneficiary's Bare Trust Property if the communication or action is not made by the relevant Appointing Beneficiary or an Authorised Person, nor to enquire as to the identity of any person if it reasonably believes the person is an Authorised Person.

7.4 Limitation of Appointing Beneficiary responsibility for certain action

An Appointing Beneficiary is not liable in respect of any action or omission by the Nominee in reliance on any Instruction given by any person acting or purporting to act on behalf of the Appointing Beneficiary who is not either:

- (a) its Authorised Person; or
- (b) a person reasonably believed by the Nominee to be the Appointing Beneficiary's Authorised Person,

unless the Appointing Beneficiary ratifies the Instruction.

8. Meetings and information

8.1 Shareholder information

The Company undertakes to the Nominee that at the same time as it gives, makes available or despatches any notice, document or information to Shareholders, the Company will also give, make available or despatch that notice, document or information to each Appointing Beneficiary.

8.2 Nominee may appoint proxy

The Nominee may from time to time to appoint a proxy to represent the Nominee at any meeting of Shareholders which the Nominee is instructed to attend in accordance with clause 4.1(b).

8.3 No meetings of Appointing Beneficiaries

For the removal of doubt, there shall be no meetings of the Appointing Beneficiaries of the Bare Trusts except as provided for in clause 17.

9. Dividends and other payments

9.1 Dividends and distributions

The Company undertakes to the Nominee that at the same time as it makes or pays any distribution or dividend of any kind whatsoever to its Shareholders, the Company will procure that the distribution or dividend that would otherwise be paid to the Nominee as a Shareholder will be paid to each Appointing Beneficiary (or as otherwise directed by the Appointing Beneficiary to the Company in writing) in place of the Nominee pro-rata according to the number of Shares that are held on trust for that Appointing Beneficiary under the Bare Trust relating to that Appointing Beneficiary, and the Nominee agrees to the Company acting in accordance with this clause.

9.2 Appointing Beneficiary to put Nominee in funds

- (a) Each Appointing Beneficiary must pay to the Nominee an amount equal to:
 - (i) Individual Costs in respect of that Appointing Beneficiary for which the Nominee is otherwise liable;

- (ii) any Liabilities incurred by the Nominee which would have been incurred by that Appointing Beneficiary if it had been the registered holder of its Beneficial Shares;
 - (iii) all calls, demands and other Liabilities which the Nominee is liable to pay in respect of that Appointing Beneficiary's Bare Trust Property;
 - (iv) Liabilities suffered or incurred by the Nominee arising in connection with any action, omission or Instruction by that Appointing Beneficiary which is in breach of any legal or contractual obligation of that Appointing Beneficiary (including any breach of this Deed or the Shareholders' Deed); and
 - (v) Liabilities incurred as a result of any action, omission or Instruction by that Appointing Beneficiary that is unreasonable or otherwise outside the ordinary course.
- (b) The Appointing Beneficiary must pay the amounts referred to in this clause 9.2 by the later of the day that those amounts are due and payable by the Nominee and 10 Business Days of written request from the Nominee or the Company for payment.
 - (c) The Nominee directs each Appointing Beneficiary to pay any amount referred to in clause 9.2(a) for which that Appointing Beneficiary is liable directly to the Company or any other relevant third party creditor from the Appointing Beneficiary's own funds, in satisfaction of the Appointing Beneficiary's obligation under clause 9.2(a). The Appointing Beneficiary must promptly notify the Nominee of any payment it makes under this clause 9.2(c).

10. Company's obligations

10.1 Company assistance

The Company undertakes to the Nominee that it will promptly provide the Nominee with all information and assistance that the Nominee reasonably requests to enable the Nominee to comply with its obligations as bare trustee for the Appointing Beneficiaries.

10.2 Notice by Company

The Company undertakes to the Nominee that, without limitation to clause 10.1 it will provide the Nominee with written notice of:

- (a) any event that is expected to result in a change in the beneficial ownership of a Share;
- (b) any Disposal (or purported Disposal) of the beneficial interest in a Beneficial Share to or by an Appointing Beneficiary in accordance with the Shareholders' Deed;
- (c) any other information which the Company becomes aware of which would lead to an update to the Trusts Register (unless the Nominee has been copied on a notice from the relevant Appointing Beneficiary under clause 5); and
- (d) any breach or suspected breach of this Deed or the Shareholders' Deed by an Appointing Beneficiary,

as soon as reasonably practicable (and will use reasonable endeavours to do so within 5 Business Days after the Company becomes aware of the relevant event or circumstance). The Company also undertakes to provide the Nominee with any information reasonably required by the Nominee in relation to any such event or events on request by the Nominee.

11. Register of Bare Trusts

11.1 Register of Appointing Beneficiaries

- (a) The Company will, at its sole cost and expense, establish and maintain a Trusts Register.
- (b) The following particulars must be entered into the Trusts Register in respect of each Bare Trust:
 - (i) the name, address and description of each Appointing Beneficiary (and the Appointing Beneficiary's nominee or custodian (if any));
 - (ii) the preferred method of communication of each Appointing Beneficiary as notified to the Company by each Appointing Beneficiary, including but not limited to a nominated email address, mailing address and contact person (and in the event that such details are not provided by the Appointing Beneficiary, the details of the Appointing Beneficiary on record on the Prospa Register) (**Trusts Register Details**);
 - (iii) the number, class and identifying designation of Beneficial Shares that are held on trust for that Appointing Beneficiary;
 - (iv) the date or dates at which the name of the Appointing Beneficiary was first noted in the Trusts Register in respect of the Bare Trust Property held on trust for that Appointing Beneficiary; and
 - (v) any other details reasonably requested by the Nominee.
- (c) The Company undertakes to procure that the Trusts Register is updated on account of changes to the Bare Trusts, Beneficial Shares and Appointing Beneficiaries, including as a result of the termination of any Bare Trust.

11.2 Nominee to be provided with a copy of the Trusts Register

The Company must provide a copy of the Trusts Register to the Nominee:

- (a) on, or as soon as practicable after the date of this Deed;
- (b) as soon as reasonably practicable following an update to any information in the Trusts Register; and
- (c) within 5 Business Days after being reasonably requested to do so by the Nominee.

11.3 Certificates

Notwithstanding anything to the contrary in the Shareholders' Deed:

- (a) no certificates will be issued to an Appointing Beneficiary in respect of any Beneficial Shares held under Bare Trust for that Appointing Beneficiary; and
- (b) the Company must issue separate certificates for each class of Shares held on bare trust by the Nominee under a particular Bare Trust (other than any class of Shares which is not certificated) to the Nominee. The Nominee will hold all such certificates on behalf of the Appointing Beneficiary.

11.4 Cessation of notation as an Appointing Beneficiary

Upon termination of a Bare Trust in respect of an Appointing Beneficiary, the Appointing Beneficiary shall cease to be noted in the Trusts Register as the Appointing Beneficiary of the Bare Trust Property held under that Bare Trust.

12. Limitation of Liability and indemnities

12.1 No Liability of Nominee for certain breaches

- (a) Each party acknowledges that, subject to the terms of this Deed, the Nominee is obliged to act in accordance with the directions of the Appointing Beneficiaries in relation to their respective Beneficial Shares.
- (b) Any breach of this Deed or the Shareholders' Deed which arises as a result of the Nominee complying with a direction given by an Appointing Beneficiary is to be construed for all purposes as a breach by the relevant Appointing Beneficiary for which the Appointing Beneficiary is personally liable (including in accordance with this Deed) and not by the Nominee and without limiting the foregoing:
 - (i) the Nominee is released from action, demand, suit or proceeding for damages, debt, specific performance or any other remedy in respect of any such breach; and
 - (ii) each party (other than the Nominee) covenants not to claim, sue or take any action against the Nominee in respect of any such breach.

12.2 Indemnity from Appointing Beneficiaries

- (a) Each Appointing Beneficiary indemnifies, and agrees to reimburse and compensate, the Company and the Nominee for, all Claims and Liabilities which the Company or the Nominee pays, suffers, incurs or is liable for (excluding all Liabilities contemplated by clause 14) arising out of or in connection with:
 - (i) that Appointing Beneficiary's Bare Trust;
 - (ii) by reason of that Appointing Beneficiary's Beneficial Shares being registered in the name of the Nominee;
 - (iii) any act or omission by the Nominee at the Instruction of that Appointing Beneficiary;
 - (iv) any breach of this Deed or the Shareholders' Deed by that Appointing Beneficiary or the Nominee on the Instruction of the Appointing Beneficiary; or
 - (v) in the case of the Company only, arising out of or in connection with, a Claim or Expense in respect of which the Company is obliged to indemnify, reimburse and/or compensate the Nominee in accordance with clause 13.4.
- (b) Each Appointing Beneficiary covenants with the Nominee not to make any Claim against the Nominee in relation to any matter referred to in clause 12.2(a).
- (c) The indemnity in clause 12.2(a) and the covenant in clause 12.2(a) do not apply to:
 - (i) any Liability which arises as a result of the Nominee's (or any of its officers', employees', or agents') fraud, negligence, dishonesty, wilful

- misconduct, breach of any of its obligations under this Deed or the Shareholders' Deed or breach of trust;
- (ii) costs and expenses which the Company has agreed to pay in accordance with clause 14, fees of a Related Body Corporate of the Nominee as custodian of the Nominee and fees of a sub custodian, nominee or other delegate of such a Nominee of the Nominee which arise in the ordinary course of the establishment and administration of the Bare Trusts; or
 - (iii) the extent that the Nominee is entitled to recover and is actually indemnified for any such costs and expenses by the Company under clause 15 of this Deed.
- (d) Each indemnity given by an Appointing Beneficiary in this clause 12.2:
- (i) is an additional, separate and independent obligation of the Appointing Beneficiary and no one indemnity limits the generality of any other indemnity; and
 - (ii) survives termination of this Deed, the Shareholders' Deed and the Nominee's retirement as trustee of that Appointing Beneficiary's Bare Trust.

12.3 Limitation of Nominee's Liability

- (a) Each party acknowledges that the Nominee enters into this Deed in its capacity as a trustee of the Bare Trusts and in no other capacity.
- (b) Any Liability of the Nominee arising under or in connection with this Deed is limited to, and can be enforced against the Nominee only to the extent to which it can be satisfied out of, the assets of the Bare Trust from which the Nominee is, or to the extent that under clause 12.2 the Nominee is, actually indemnified for the Liability. This limitation of the Nominee's Liability applies despite any other provision of this Deed and extends to all Liabilities of the Nominee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Deed or the Shareholders' Deed.
- (c) No party may sue the Nominee in any capacity other than as trustee of a Bare Trust, including seeking the appointment of a receiver (except in relation to property of a Bare Trust), a liquidator, an administrator, or any similar person to the Nominee or prove in any liquidation, administration or arrangement of or affecting the Nominee (except in relation to property of the relevant Bare Trust).
- (d) The provisions of this clause 12.3 do not apply to any Liability of the Nominee to the extent that it is not satisfied under this Deed, the Shareholders' Deed or by operation of law or there is a reduction in the extent of the Nominee's indemnification out of the assets of the relevant Bare Trust, as a result of the Nominee's fraud, negligence, wilful default or breach of trust.
- (e) No attorney, agent, receiver or receiver and manager appointed in accordance with this Deed has authority to act on behalf of the Nominee in a way which exposes the Nominee to any personal Liability.

12.4 Legal actions by the Nominee

If an Appointing Beneficiary suffers any Loss as a result of negligence, fraud or wilful default on the part of any attorney or agent appointed under the Shareholders' Deed, the Nominee agrees to cooperate and provide all reasonable assistance with legal proceedings against

such attorney or agent in accordance with Instruction from the Appointing Beneficiary and at the expense of the Appointing Beneficiary.

13. Change of Nominee

13.1 Retirement of the Nominee

The Nominee may, by giving 60 Business Days' written notice (or such lesser notice period agreed in writing by the Company) to the Company and the Appointing Beneficiary, retire as the trustee of all (but not some) of the Bare Trusts.

13.2 Date of retirement becoming effective

If the Nominee retires under clause 13.1, then subject to clause 13.3(c), the retirement will have effect as at the last day of the relevant notice period.

13.3 Replacement Nominee

- (a) If the Nominee retires under clause 13.1, a person nominated by the Company will be appointed as the replacement trustee for each Bare Trust, or if no person is nominated by the Company by the date of the Nominee's retirement, the Nominee will, acting reasonably, nominate an independent third party trustee (who must be licensed to act as the Nominee if required to enable it to discharge its obligations under this Deed) and the trustee so nominated will be appointed as the replacement trustee of each Bare Trust (**Replacement Nominee**).
- (b) The Company, the Nominee and the Appointing Beneficiaries must do all things reasonably necessary to facilitate, or otherwise in connection with, the change of trustee including by delivering all books and records relating to the Bare Trusts and the Beneficial Shares in its possession at the relevant time to the Replacement Nominee.
- (c) Despite anything else in this Deed, the retirement of the Nominee and the appointment of a Replacement Nominee is not complete until the Replacement Nominee executes a deed by which it covenants to be bound by this Deed in the place of the Nominee on and from the date of appointment and any other documents reasonably requested by the Company to effect the replacement of the Nominee with the Replacement Nominee.

13.4 Release of Nominee

Subject to clause 13.3(c), when the Nominee retires in accordance with clause 13.1, the Nominee is released from all obligations in relation to the Bare Trusts arising after the time it retires provided that the Nominee is still obliged to comply with clause 13.3(b).

13.5 Costs of replacing the Nominee

All reasonable costs incurred by the Nominee and all costs of any new Replacement Nominee of the Bare Trusts in connection with the retirement or removal and replacement of the Nominee will be borne by the Company.

14. Confidentiality and intellectual property

- (a) To the extent that, before or after the effective date of this Deed, the Nominee comes into possession of any proprietary or confidential information regarding the Company, Appointing Beneficiaries or any party related to or affiliated with the Company (collectively, the **Prospa Group**) in connection with the performance of the Obligations (such information collectively referred to herein as **Confidential Information**), neither the Nominee nor any party related to or affiliated with the

Nominee shall, during the term of this Deed and for a period of five (5) years thereafter, directly or indirectly disclose to any third party any Confidential Information, except that with respect to Confidential Information relating to Company, the Nominee may disclose such Confidential Information:

- (i) as required by law;
- (ii) to the extent it becomes generally available to the public without breach of this Deed; and
- (iii) if received lawfully from a third party (other than from a member of the Prospa Group) that has no legal obligation to keep such information confidential, and

in the event that the Nominee is required by legal process to disclose Confidential Information, the Nominee shall, to the extent legally permissible to do so at any time, immediately advise the Company of such disclosure and, if requested, the Nominee shall cooperate with Company to limit and shield such disclosure.

- (b) The Nominee acknowledges that it has information and cybersecurity policies in place that are designed and functioning in a manner to protect client/customer information and that are consistent with the prevailing best practices used in the Nominee's industry. The Nominee acknowledges and agrees that any information provided to the Nominee by or on behalf of the Company or any Appointing Beneficiary will be subject to such policies.
- (c) The Nominee shall not use the name, logo, trademark or service mark of the Company or its affiliates without the Company's prior written consent. Additionally, the Nominee shall not issue any press release or make any other public statement regarding this Deed or the contemplated arrangement hereunder without the prior written consent of the Company.

15. Fees and Costs

- (a) Without prejudice to clause 12.2, the Company must pay to the Nominee the fees accepted and agreed between the Nominee and the Company and all costs, expenses and other Liabilities properly incurred by the Nominee in fulfilling its obligations under this Deed other than the Liabilities referred to in clause 9.2, Individual Costs of the Appointing Beneficiaries and any other Liability which this Deed or the Shareholders' Deed provides will be paid by, or are otherwise the responsibility of, an Appointing Beneficiary.
- (b) The Company must reimburse the Nominee for all reasonable and documented out-of-pocket expenses and any internal costs of the Nominee relating to actions and directions by an Appointing Beneficiary in relation to its Beneficial Shares in the ordinary course. This does not apply in relation to Liabilities that would have been incurred in comparable circumstances by the Appointing Beneficiary had it been the registered holder of the relevant Shares.
- (c) For the avoidance of doubt, clause 15(b) does not apply in relation to:
 - (i) any taxes or duties in relation to any Shares or dealings in Shares; or
 - (ii) any Liabilities arising in connection with any Instruction, action or direction by an Appointing Beneficiary which is in breach of any legal or contractual obligation (including a breach of this Deed),

nor is it intended to require the Company to meet Liabilities incurred as a result of actions or directions by an Appointing Beneficiary that are unreasonable or

otherwise outside the ordinary course (for example persistent requests for copies of the documents beyond what would reasonably be expected).

16. Duration of Bare Trusts

16.1 Commencement Date

Each Bare Trust commences on the date on which the Nominee first acquires any Beneficial Shares.

16.2 Termination and Termination Date

Each Bare Trust will terminate on the earlier of:

- (a) the date on which the Nominee ceases to be registered on the Trusts Register as the legal owner of any Shares which are Bare Trust Property of that Bare Trust;
- (b) the date on which the Appointing Beneficiary is registered on the Trusts Register as the legal owner of all of the Shares comprising the Bare Trust Property of that Bare Trust;
- (c) if the Company is wound up, the date on which the proceeds of realisation payable in respect of any Bare Trust Property of that Bare Trust are distributed to the relevant Appointing Beneficiary or, if no proceeds of realisation are to be distributed to the relevant Appointing Beneficiary, the date on which the Company is wound up;
- (d) the date on which the Bare Trust is terminated by the operation of any applicable laws; and
- (e) the date that is 80 years from the date of the commencement of the Bare Trust pursuant to clause 16.1.

16.3 Termination of Deed for Appointing Beneficiaries

This Deed terminates for an Appointing Beneficiary when:

- (a) each Bare Trust of which it is a beneficiary has terminated in accordance with clause 16.2; and
- (b) the Shareholders' Deed has terminated in respect of the Appointing Beneficiary in its capacity as Appointing Beneficiary in its entirety in accordance with the terms of the Shareholders' Deed.

17. Conversion and termination provision

- (a) If the Company applies to the Australian Securities and Investments Commission (**ASIC**) to change its type to a proprietary company at a time when it has more than 50 non-employee Appointing Beneficiaries:
 - (i) this Deed will terminate once the change of type takes effect; and
 - (ii) the Appointing Beneficiaries will be registered as the owners of the Shares.
- (b) This clause 17 may only be amended by Special Resolution of Appointing Beneficiaries.

18. Warranties

Each party warrants in respect of itself to each of the other parties, as an inducement to those parties to enter into this Deed, on the date it becomes a party to this Deed (including each new Appointing Beneficiary, who warrants to the Company, the Nominee and each existing Appointing Beneficiaries at that time), that:

- (a) if it is not an individual, it has been incorporated or formed in accordance with the laws of its place of incorporation or formation, is validly existing under those laws and has power and authority to own its assets and carry on its business as it is now being conducted;
- (b) it has power to enter into this Deed, to comply with its obligations under this Deed and exercise its rights under this Deed;
- (c) the entry by it into, its compliance with its obligations and the exercise of its rights under, this Deed does not and will not conflict with:
 - (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded; or
 - (ii) any law binding on or applicable to it or its assets;
- (d) it has in full force and effect each authorisation necessary for it to enter into this Deed, to comply with its obligations, and to allow this Deed to be enforced;
- (e) its obligations under this Deed are valid and binding and are enforceable against it in accordance with its terms; and
- (f) it is not insolvent.

19. GST

19.1 Interpretation

The parties agree that:

- (a) except where the context suggests otherwise, terms used in this clause 19 have the meanings given to those terms by the GST Act (as amended from time to time);
- (b) any part of a supply that is treated as a separate supply for GST purposes (including attributing GST payable to tax periods) will be treated as a separate supply for the purposes of this clause 19; and
- (c) any consideration that is specified to be inclusive of GST must not be taken into account in calculating the GST payable in relation to a supply for the purpose of this clause 19.

19.2 Reimbursements and similar payments

Any payment or reimbursement required to be made under this deed that is calculated by reference to a cost, expense, or other amount paid or incurred will be limited to the total cost, expense or amount less the amount of any input tax credit to which an entity is entitled for the acquisition to which the cost, expense or amount relates.

19.3 GST payable

If GST is payable in relation to a supply made under or in connection with this deed then any party (**Recipient**) that is required to provide consideration to another party (**Supplier**) for that

supply must pay an additional amount to the Supplier equal to the amount of that GST at the same time as other consideration is to be provided for that supply or, if later, within 5 Business Days of the Supplier providing a valid tax invoice to the Recipient.

19.4 Variation to GST payable

If the GST payable in relation to a supply made under or in connection with this deed varies from the additional amount paid by the Recipient under clause 19.3 then the Supplier will provide a corresponding refund or credit to, or will be entitled to receive the amount of that variation from, the Recipient. Any payment, credit or refund under this paragraph is deemed to be a payment, credit or refund of the additional amount payable under clause 19.3.

20. Notices and other communications

20.1 Form

- (a) Unless this Deed expressly states otherwise, all notices, demands, certificates, consents, approvals, waivers and other communications in connection with this Deed must be in writing and signed by the sender (if an individual) or an authorised officer of the sender.
- (b) All communications (other than email communications) must also be marked for the attention of the contact person of each Appointing Beneficiary as set out in the Trusts Register Details (and if no such contact person is provided, marked for the attention of the Appointing Beneficiary).
- (c) Email communications must state the first and last name of the sender and are taken to be signed by the named sender.

20.2 Delivery

Communications must be:

- (a) left at the address of each Appointing Beneficiary as set out in the Trusts Register Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address of each Appointing Beneficiary as set out in the Trusts Register; or
- (c) sent by email to the address of each Appointing Beneficiary as set out in the Trusts Register Details.

If the intended recipient has notified changed contact details as referred to in clause 20.6, then communications must be sent to the changed contact details.

20.3 When effective

Communications take effect from the time they are received or taken to be received under clause 20.4 (whichever happens first) unless a later time is specified in the communication.

20.4 When taken to be received

Subject to clause 20.5, communications are taken to be received:

- (a) if left at the address of the recipient, on delivery;
- (b) if sent by post, 3 Business Days after posting (or 5 days after posting if sent from one country to another);

- (c) if sent by email:
- (i) when the sender receives an automated message confirming delivery; or
 - (ii) 4 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that delivery failed,
- whichever happens first.

20.5 Receipt outside business hours

Despite anything else in this clause 20, if communications are received or taken to be received under clause 20.4 after 5.00pm on a Business Day or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day. For the purposes of this clause 20.5, the place in the definition of Business Day is taken to be the place specified in the Trusts Register Details as the address of the recipient and the time of receipt is the time in that place.

20.6 Notice Details

The notice details for the parties are set out below:

- (a) **The Company**
- (i) Attention: Greg Ruddock
 - (ii) Address: C/- Ironbridge Level 32, 264-278 George Street, Sydney NSW 2000
 - (iii) Email: gruddock@ironbridge.com.au
- (b) **The Nominee**
- (i) Attention: Head of Custody
 - (ii) Address: Level 18, 123 Pitt Street, Sydney NSW 2000
 - (iii) Email: CCScustody@perpetual.com.au

(c) **Appointing Beneficiaries**

As provided for in the Accession Deed Poll.

A party may change the details with respect to that party referred to above by written notice to the Company. The Company will, in the case of an Appointing Beneficiary, record those details in the Trust Register Details.

21. Amendments

21.1 Limitations

This clause 21 is subject to clause 17. Further, no amendments can be made under this clause if that amendment results in the Bare Trusts ceasing to be bare trusts.

21.2 Amendments

This Deed may be amended by a document signed by:

- (a) the Company;

- (b) the Nominee; and
- (c) either:
 - (i) Appointing Beneficiaries holding 75% or more of the Shares of Appointing Beneficiaries; or
 - (ii) following approval of that amendment by Special Resolution of Appointing Beneficiaries.

21.3 Complying Amendments

This Deed may be amended by a document signed by the Company and the Nominee if;

- (a) the amendment is of a formal, minor or technical nature, or is made to cure any manifest error, mistake or inconsistency identified by the Board; or
 - (b) based on professional legal advice received in relation to the issue by the Company, the Board resolves that the amendment is required in order for this Deed to comply with the applicable laws; or
 - (c) any other amendment including:
 - (i) if the amendment is made to cure any ambiguity, omission or defect identified by the Board; or
 - (ii) based on professional tax advice received in relation to the issue, the Board resolves that the amendment is reasonably required to take into consideration possible adverse tax implications in respect of this Deed;
- provided that:
- (iii) the proposed amendment would not materially diminish the rights of, materially increase the obligations of, or otherwise materially adversely affect, an Appointing Beneficiary; or
 - (iv) the amendment, variation or waiver relates only to a particular party and is made with the consent of that party.

21.4 Ceasing to be party

If this Deed terminates with respect to an Appointing Beneficiary under clause 16.3, then as from that time, the former Appointing Beneficiary will cease to be a party to this Deed for the purposes of clause 21 and this Deed may be amended without reference to, or the need for the signature of, that former Appointing Beneficiary.

22. General

22.1 Waivers

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

22.2 Conflict of interest

Each party may exercise their rights, powers and remedies in connection with this Deed even if this involves a conflict of duty or they have a personal interest in their exercise.

22.3 Specific performance

The parties acknowledge that:

- (a) Shares cannot be readily purchased or sold in an open market and that damages or an account of profits may be an inadequate remedy to compensate the relevant non-breaching parties for a breach of this Deed by another party; and
- (b) each party is, to the extent permitted by law, entitled to specific performance or injunctive relief (as appropriate) as a remedy for any breach or threatened breach by another party of this Deed, in addition to any other remedies available to them at law or in equity.

22.4 Indemnities and reimbursement obligations

Any indemnity, reimbursement or similar obligation in this Deed:

- (a) is a continuing obligation despite the satisfaction of any payment or other obligation in connection with this Deed, any settlement or any other thing;
- (b) is independent of any other obligations under this Deed; and
- (c) continues after this Deed, or any obligation arising under it, ends or terminates.

It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity in connection with this Deed.

22.5 Partial exercising of rights

Unless this Deed expressly states otherwise, if a party does not exercise a right, power or remedy in connection with this Deed fully or at a given time, they may still exercise it later.

22.6 Counterparts

This Deed may be executed in any number of counterparts. All counterparts will be taken to constitute one instrument.

22.7 Entire agreement

To the extent permitted by law, this Deed, the Shareholders' Deed, the constitution of the Company and any other documents executed in connection with this Deed:

- (a) embodies the entire agreement of the parties about the subject matter of this Deed; and
- (b) supersede all previous agreements, understandings and negotiations on that subject matter and all other communications.

22.8 Further Assurances

Each party must promptly do, and procure that its employees and agents promptly do, all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law or reasonably requested by another party to give effect to this deed and the transactions contemplated by it.

22.9 Assignment or other dealings

A party may not assign or otherwise Dispose of any of its rights under this Deed or allow any interest in them to arise or be varied without the prior written consent of the other parties or as otherwise expressly permitted by this Deed.

22.10 Severability

If any provision of this Deed is held or found to be void, invalid or otherwise unenforceable then so much of it as is necessary to render it valid and enforceable is deemed to be severed but the remainder of this Deed remains in full force and effect.

22.11 Rules of construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Deed or any part of it or seeks to rely on any provision of this Deed.

22.12 Relationship of parties

Unless this Deed expressly states otherwise, nothing contained or implied in this Deed constitutes any party as the partner, agent, associate, employee or representative of any other party for any purpose or creates any partnership, agency or trust between them and no party has authority to bind any other party in any way.

22.13 Attorneys

Each attorney executing this Deed states that the attorney has no notice of revocation or suspension of the power of attorney under which the attorney executes this Deed.

22.14 Method of payment

All payments required to be made under this Deed must be made by way of direct transfer of immediately available funds to the credit of an Australian bank account nominated by the payee to the payer, that nomination to be given at least 2 Business Days before, the due date for payment or by any other method agreed by the parties.

22.15 Third Party Benefit

If a representation, warranty, indemnity, undertaking or acknowledgment given by a party in this Deed is expressly given to or for the benefit of any representative of the other party (such other party being referred to in this clause 22.15 as the **Recipient**) including each such person that is not a party to this Deed (**Third Party Beneficiary**), the benefit of that representation, warranty, indemnity, undertaking or acknowledgment is held by the Recipient for the benefit of, and is enforceable by, the Recipient on behalf of the Third Party Beneficiary, notwithstanding that they are not a party to this Deed.

22.16 Certain provisions continue

Termination of this Deed with respect to a party or all parties does not affect:

- (a) any obligation or Claim of that party or those parties, as applicable, under this Deed which accrued prior to that termination and which remains unsatisfied;
- (b) any rights, Claims or Liabilities of a party which accrued prior to such termination; or
- (c) any provision of this Deed which is expressed to come into effect on, or to continue in effect after, that termination.

23. Governing law**23.1 Governing law and jurisdiction**

The Deed is governed by the laws of the state of New South Wales, Australia. The Nominee, the Company, and each Appointing Beneficiary submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Deed.

Executed as a deed

Signed, sealed and delivered for and on behalf of **Perpetual Nominees Limited ACN 000 733 700** by its attorney under a power of attorney dated 18 September 2014 in the presence of:



Signature of witness who confirms that this document was signed in the witness' presence or signed in counterpart and witnessed over audio visual link in accordance with section 14G of the Electronic Transactions Act (NSW)

Stavrula Frost
Client Service Officer

Full name of witness



Signature of attorney who declares that the attorney has not received any notice of the revocation of the power of attorney

John Newby
Head of Custody

Full name of attorney

Executed by PGL HoldCo Limited ACN 673 816 816 in accordance with section 127 of the Corporations Act 2001 (Cth):



Signature of director

Greg Ruddock

Full name of director who states that they are a director of **PGL HoldCo Limited ACN 673 816 816**



Signature of director

Neil Broekhuizen

Full name of director who states that they are a director of **PGL HoldCo Limited ACN 673 816 816**

Annexure 7 – Notice of General Meeting

Notice of General Meeting

Prospa Group Limited ACN 625 648 722

Notice of meeting

Notice is hereby given that a general meeting of the holders of ordinary shares in Prospa Group Limited (Prospa) will be held at online via the online platform at <https://investor.prospa.com/scheme/> at 3.00pm (Sydney time) on Tuesday, 16 July 2024 (**General Meeting**).

Business of meeting

The purpose of the General Meeting is to consider and, if thought fit, to agree to pass:

- the Financial Assistance Resolution as a special resolution; and
- the Related Party Resolution as an ordinary resolution (together with the Financial Assistance Resolution, the **General Meeting Resolutions**).

Financial Assistance Resolution

The General Meeting will be asked to consider and, if thought fit, to pass the following resolution (**Financial Assistance Resolution**):

“That for the purposes of section 260A(1)(b) and section 260B of the **Corporations Act 2001** (Cth) and all other purposes, approval is given for Prospa Group Limited and any of its Subsidiaries to give financial assistance to Salkbridge Pty Limited (**BidCo**) by on-lending up to \$12,000,000 in funds currently drawn by Prospa OpCo under the Prospa OpCo Facility Agreement to BidCo in order for BidCo to satisfy its obligations to fund part of the Aggregate Cash Consideration, as more particularly described in the Scheme Booklet of which this notice forms part, including for such purposes and all other purposes executing any document in any way connected with, related to or in respect of any matters arising out of the on-lending to BidCo or any document relating to the refinancing of the financial documentation provided under the Prospa OpCo Facility Agreement or the Inter-Company Loan Agreement.”

Related Party Resolution

The General Meeting will be asked to consider and, if thought fit, to pass the following resolution (**Related Party Resolution**):

“That for the purposes of section 208(1)(a) of the **Corporations Act 2001** (Cth) and all other purposes, approval is given for Prospa Group Limited and any of its Subsidiaries to give a financial benefit to BidCo by on-lending up to \$12,000,000 in funds currently drawn by Prospa OpCo under the Prospa OpCo Facility Agreement to BidCo in order for BidCo to satisfy its obligations to fund part of the Aggregate Cash Consideration, as more particularly described in the Scheme Booklet of which this notice forms part, including for such purposes and all other purposes executing any document in any way connected with, related to or in respect of any matter arising out of the on-lending to BidCo or any document relating to the refinancing of the financial documentation provided under the Prospa OpCo Facility Agreement or the Inter-Company Loan Agreement.”

By order of the Board of Prospa Group Limited.

A handwritten signature in black ink, appearing to read 'Gail Pemberton', written in a cursive style.

Gail Pemberton AO

Chair

Prospa Group Limited

Dated 12 June 2024

Explanatory notes

1. General

This notice of meeting and the General Meeting Resolutions should be read in conjunction with the scheme booklet of which this notice forms part (**Scheme Booklet**). The Scheme Booklet contains important information to assist Prospa Shareholders in determining how to vote on the General Meeting Resolutions, including the information prescribed by section 260B(4), section 218 and section 219 of the Corporations Act. The explanatory statement required by Chapter 2E and Part 2J.3 of the Corporations Act is contained in the Scheme Booklet of which this notice forms part.

Unless otherwise defined, terms used in this notice have the same meaning as set out in the Glossary in section 8 of the Scheme Booklet.

2. Meeting format

The General Meeting will be held virtually on <https://investor.prospa.com/scheme/>. This means that Prospa Shareholders and their authorised proxies, attorneys and corporate representatives (each a **Participant**) will be able to attend and participate in the General Meeting online at <https://investor.prospa.com/scheme/>. Participants will be able to listen to the General Meeting, cast an online vote, ask questions online and by telephone. Participants will not be able to attend a physical meeting.

Further details on how to participate in the General Meeting via the online platform are set out in section 8 of this Notice of General Meeting and in the Guide to Using the Online Platform which is attached to this Notice of General Meeting.

Prospa Shareholders who are unable to, or do not wish to, participate in the General Meeting, or will not have access to a device or the internet, are encouraged to submit a direct vote or directed proxy vote as early as possible and in any event by 3.00pm (Sydney time) on Sunday, 14 July 2024 following the instructions below. Prospa Shareholders are encouraged to submit a direct vote or directed proxy vote even if they intend to attend the General Meeting via the online platform so that their vote will be counted if for any reason they cannot join the General Meeting (for example, if there is an issue with their internet connection on the day of the General Meeting).

3. Chair

Gail Pemberton AO is to act as chair of the General Meeting and that if she is unable or unwilling to act, Fiona Trafford-Walker is to act as chair of the General Meeting.

4. Voting recommendation

The Independent Board Committee recommends that Prospa Shareholders (other than Excluded Shareholders) vote in favour of the General Meeting Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders. Each Independent Board Committee member intends to vote, or cause to be voted, all Prospa Shares owned or controlled by her in favour of the General Meeting Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders.

Each of Gregory Moshal, Beaumont Bertoli and Aviad Eyal have advised the Independent Board Committee that they intend to vote in favour of the Resolutions and to Elect and receive the Scrip Consideration, subject to no Superior Proposal emerging and the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders. Accordingly, due to the material stake that each Director will hold or be associated with in HoldCo, each has abstained from making a recommendation in relation to the General Meeting Resolutions.

5. Quorum

A quorum for a meeting of Prospa Shareholders is five or more members present at the meeting and entitled to vote on a resolution at the meeting.

6. Conditionality of resolution

The resolutions to be considered at the General Meeting are conditional on the resolution to be put to the Scheme Meeting (to be held immediately following the General Meeting) being passed by the requisite majority.

7. Majorities required

Financial Assistance Resolution

Pursuant to section 260B(1) of the Corporations Act, the Financial Assistance Resolution must be approved by either:

- a special resolution (that is, 75% or more) of Prospa Shareholders present and voting (either in person or by proxy, attorney or body corporate representative), with no votes being cast in favour of the resolution by or on behalf of a person to whom the resolution would permit a financial benefit to be given, or their Associates; or
- a unanimous resolution of all Prospa Shareholders.

Related Party Resolution

The Related Party Resolution must be approved by a simple majority (that is, 50% or more) of Prospa Shareholders present and voting (either in person or by proxy, attorney or body corporate representative). Pursuant to section 224(1) of the Corporations Act, no vote may be cast on the Related Party Resolution (in any capacity) by or on behalf of the related party to whom the resolution would permit a financial benefit to be given, or their Associates.

8. Determination of entitlement to participate and vote

The determination of entitlement to participate and vote at the General Meeting is the same as for the Scheme Meeting. That is, for the purposes of the General Meeting, Prospa Shares will be taken to be held by the persons who are registered as a Prospa Shareholder at 5.00pm (Sydney time) on Sunday, 14 July 2024. Accordingly, registrable transmission applications to transfers registered after this time will be disregarded in determining entitlements to participate in and vote at the General Meeting either in person, by proxy or attorney, or in the case of a corporate Prospa shareholder, by a corporate representative.

In accordance with sections 224(1) and 260B(1)(a) of the Corporations Act, each Consortium Member, a Related Person and any of their respective Associates may not vote (in any capacity) on the General Meeting Resolutions. Accordingly, Prospa will disregard any votes cast in favour of the General Meeting

Resolutions and a vote on the General Meeting Resolutions by that person will be invalid by any Consortium Member, a Related Person or any of their respective Associates.

The voting prohibition does not prevent the casting of a vote if it is cast by a person as a proxy appointed in writing by a Prospa Shareholder entitled to vote if the appointment specifies how the proxy is to vote on the General Meeting Resolutions and that vote is not cast on behalf of any Consortium Member or their respective Associates.

9. Participation at the General Meeting

Prospa Shareholders and their authorised proxies, attorneys and corporate representatives can participate in and vote at the General Meeting via the online platform at <https://investor.prospa.com/scheme/>.

The online platform may be accessed via a computer or mobile or tablet device with internet access. The online platform will allow Prospa Shareholders and their authorised proxies, attorneys and corporate representatives to watch the General Meeting live, cast an online vote and ask questions online. Participants will also have the ability to ask questions via the online platform, to speak and ask questions via telephone, and hear all of the discussions that occur at the General Meeting, subject to the connectivity of their devices.

To vote online, Prospa Shareholders will need their Security Reference Number ('SRN') or Holder Identification Number ('HIN') and their postcode or country of residence (if outside Australia). Proxyholders will need to enter the proxy code which will be provided by Link Market Services Limited before the General Meeting day. If Prospa Shareholders have any questions regarding how to vote please call the Prospa Registry on 1300 554 474 between 8.30am and 5.30pm (Sydney time), Monday to Friday excluding public holidays, or emailing the Prospa Registry at registrars@linkmarketservices.com.au.

Participants will be able to log in to the online platform 30 minutes before the start of the General Meeting. It is recommended that Participants log in at least 15 minutes before the scheduled start time for the Scheme Meeting. The Guide to Using the Online Platform provides details about how to ensure browsers are compatible with the online platform as well as a step-by-step guide to successfully log in and navigate the site. The Guide to Using the Online Platform which is attached to this Notice of General Meeting.

10. How to vote

Voting at the General Meeting will be conducted by poll.

Prospa Shareholders entitled to vote at the General Meeting, may vote:

- **online**, by participating and voting via the online platform at <https://investor.prospa.com/scheme/>;
- **by direct vote prior to the General Meeting**, by following the procedures set out below at any time between the date of this Notice of General Meeting and 3.00pm on Sunday, 14 July 2024;
- **by proxy**, by lodging a proxy form online at <https://investor.prospa.com/scheme/> or by completing, signing and lodging a proxy form for the General Meeting in accordance with the instructions set out on the form. To be valid, proxy forms must be received by the Prospa Registry by 3.00pm (Sydney time) on Sunday, 14 July 2024;

- **by attorney**, by appointing an attorney to participate in and vote at the General Meeting on their behalf and providing a duly executed power of attorney to the Prospa Registry by 3.00pm (Sydney time) on Sunday, 14 July 2024; or
- **by corporate representative**, in the case of a body corporate which is a Prospa Shareholder, by appointing a corporate representative to participate in and vote at the General Meeting on behalf of that Prospa Shareholder and providing a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to the General Meeting.

A Consortium Member, a Related Person or any of their respective Associates may not vote (in any capacity) on the General Meeting Resolutions and Prospa will disregard any votes cast on the General Meeting Resolutions by Consortium Members, a Related Person and any of their Associates.

Note: As Sunday is not a business day, if you intend to mail your Proxy Form or powers of attorney, you should ensure that you allow sufficient time for it to be received by the Prospa Registry by close of business (Sydney time) on Friday, 12 July 2024.

11. Jointly held Prospa Shares

If the Prospa Shares are jointly held, each of the joint shareholders is entitled to vote. However, if more than one shareholder votes in respect of jointly held Prospa Shares, only the vote of the shareholder whose name appears first on the Prospa Share Register will be counted.

12. How to ask questions

Participants will have a reasonable opportunity to ask questions during the General Meeting by using the online 'Ask a Question' function and by telephone. Further details are set out in the Guide to the Online Platform which has been released to ASX and can be found at <https://investor.prospa.com/investor-centre/>.

To speak or ask questions via telephone during the General Meeting, please follow the instructions written below the broadcast on the <https://investor.prospa.com/scheme/>.

Participants can also call Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday, excluding public holidays.

13. Voting

(a) Voting online during the General Meeting

Participants will be able to participate and vote via the online platform at <https://investor.prospa.com/scheme/>.

Participants will be able to vote directly at any time between the scheduled start of the General Meeting at 3.00pm (Sydney time) on Tuesday, 16 July 2024 and the closure of voting as announced by the chair of the General Meeting.

To enter the online platform, Participants will need their SRN or HIN (which is shown on their holding statement or proxy form) and their postcode (or select country code if outside Australia) or, if applicable, the SRN or HIN and postcode of their appointing Prospa Shareholder, for verification purposes.

More information about how to use the online platform is available in the Guide to Using the Online Platform, which is attached to this Notice of General Meeting.

(b) Direct vote prior to the General Meeting

To vote by direct vote, Prospa Shareholders must lodge their vote by no later than 3.00pm on Sunday, 14 July 2024, by following the instructions available on our Investor Centre (login via www.linkmarketservices.com.au).

To enter the online platform, Participants will need their SRN or HIN (which is shown on their holding statement or proxy form) and their postcode (or select country code if outside Australia) or, if applicable, the SRN or HIN and postcode of their appointing Prospa Shareholder, for verification purposes.

(c) Voting by proxy

A Prospa Shareholder entitled to participate in and vote at the General Meeting is also entitled to appoint a proxy to participate and vote on their behalf at any time prior to 3.00pm (Sydney time) on Sunday, 14 July 2024. To do so, they should either mark the box 'Appoint a Proxy' in step 1 of the voting form to appoint the Chair of the General Meeting as their proxy, or insert the name of their alternative proxy in the space provided. Alternatively, a Prospa Shareholder may appoint a proxy online at <https://investor.prospa.com/scheme/> by following the prompts. Please refer to section 13 below for further details in relation to how to submit a voting form.

The following applies to proxy appointments:

- A proxy need not be a Prospa Shareholder and may be an individual or a body corporate.
- If a body corporate is appointed as a proxy, it must ensure that it appoints an individual as its corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the General Meeting.
- A Prospa Shareholder who is entitled to cast two or more votes at the General Meeting may appoint up to two proxies and may specify the proportion or number of votes each proxy may exercise. If a Prospa Shareholder wishes to appoint a second proxy, a second hard copy voting form should be used and the form should clearly indicate that it is a second proxy and not a revocation of the first proxy. Both voting forms should be returned together in the same envelope. If a Prospa Shareholder wishes to appoint two proxies using hard copy voting forms, the Prospa Shareholder will need to obtain a second voting form. Where two proxies are appointed, each proxy should be appointed to represent a specified proportion of the Prospa Shareholder's voting rights. If a Prospa Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Prospa Shareholder's votes, each proxy may only exercise half of that Prospa Shareholder's votes.
- If a Prospa Shareholder holds Prospa Shares jointly with one or more other persons, in order for a proxy appointment to be valid, either Prospa Shareholder may sign the proxy form.
- Each proxy will have the right to vote on the poll and also to ask questions at the Scheme Meeting.
- If a Prospa Shareholder has appointed a proxy and participates in and votes at the Scheme Meeting, the authority of the Prospa Shareholder proxy to participate and vote, on that Prospa Shareholder's behalf, is automatically suspended. However, if a Prospa

Shareholder views the live webcast of the Scheme Meeting as a 'visitor', the Prospa Shareholder will not revoke the proxy appointment.

- A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Prospa Registry before the start of the General Meeting (or, if the General Meeting is adjourned or postponed, before the resumption of the General Meeting in relation to the resumed part of the General Meeting) in any of the ways referred to in section 13 below.
- Prospa Shareholders should consider how they wish their proxy to vote. That is, whether they want their proxy to vote 'for' or 'against', or abstain from voting on, the General Meeting Resolutions, or whether to leave the decision to the proxy.
- If a Prospa Shareholder does not direct your proxy how to vote on the General Meeting Resolutions, the proxy may vote, or abstain from voting, as he or she thinks fit. If a Prospa Shareholder instructs their proxy to abstain from voting, he or she is directed not to vote on your behalf, and the Prospa Shares the subject of the proxy appointment will not be counted.
- If a Prospa Shareholder returns their proxy form:
 - without identifying a proxy on it, they will be taken to have appointed the Chair of the General Meeting as their proxy to vote on their behalf; or
 - with a proxy identified on it but their proxy does not participate in the General Meeting, the Chair of the General Meeting will act in place of their nominated proxy and vote in accordance with any directions on their proxy form.
- The Chair of the General Meeting intends to vote undirected proxies in favour of the General Meeting Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Prospa Shareholders.

(d) Voting by attorney

Prospa Shareholders may appoint not more than two attorneys to participate in and vote at the General Meeting on their behalf. An attorney need not be a Prospa Shareholder and will have the right to vote and also to speak at the General Meeting.

A power of attorney appointing an attorney to participate in and vote at the General Meeting on behalf of a Prospa Shareholder must be duly executed by that Prospa Shareholder and specify the Prospa Shareholder's name, the company (that is, Prospa), and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one.

If two attorneys are appointed, each attorney may be appointed to represent a specified number or proportion of the Prospa Shareholder's votes. If no such number or proportion is specified, each attorney may exercise half of the Prospa Shareholder's votes.

A power of attorney, or a certified copy of such power of attorney, should be received by the Prospa Registry before 3.00pm (Sydney time) on Sunday, 14 July 2024 in any of ways specified for proxy forms in section 13 below, except that a power of attorney or a certified copy of a power of attorney cannot be lodged online or by mobile device.

A single appointed attorney wishing to participate in and vote at the Scheme Meeting via the online platform will require the appointing Prospa Shareholder's name and postcode and the SRN/HIN of the shareholding in order to access the online platform.

If two attorneys are appointed, each must contact Prospa's Shareholder Information Line 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday, excluding public holidays, before 3.00pm (Sydney time) on Sunday, 14 July 2024 to organise voting and online platform access arrangements.

(e) Voting by corporate representative

A body corporate that is a Prospa Shareholder, or that has been appointed as a proxy, must appoint an individual to act as its corporate representative at the General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act.

The 'Appointment of Corporate Representative' form may be downloaded from the Prospa Registry website at www.linkmarketservices.com.au. The form of appointment may set out restrictions on the representative's powers.

The form of appointment must be received by the Prospa Registry prior to the General Meeting. Prospa Shareholders may submit the certificate:

- via email, by sending it to registrars@linkmarketservices.com.au; or
- in any of the ways specified for submitting voting forms in this Notice of General Meeting, except that a form of appointment of corporate representative cannot be lodged online or by mobile device.

If a form of appointment is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been received by the Prospa Registry.

14. How to submit a voting form

To appoint a proxy, Prospa Shareholders should complete and submit the proxy form in accordance with the instructions on that form.

To be effective, proxy appointments must be received by way of completed voting forms by the Prospa Registry by 3.00pm (Sydney time) on Sunday, 14 July 2024 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- **online:** at <https://investor.prospa.com/scheme/> and follow the prompts;
- **by mobile device:** If Prospa Shareholders have a smart phone, they can now lodge your proxy appointment via <https://investor.prospa.com/scheme/> or by scanning the QR code on the voting form. To scan the QR code, Prospa Shareholders will need a QR code reader application which can be downloaded for free on their mobile devices;

- **by post to:**

Prospa Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

- **by hand delivery** (during normal business hours) to the Prospa Registry at:

Link Market Services Limited
Level 22, Tower 6, 10 Darcy Street
Paramatta NSW 2150

Voting forms received after 3.00pm (Sydney time) on Sunday, 14 July 2024 (or, if the General Meeting is adjourned or postponed, less than 48 hours before the time or resumption of the General Meeting in relation to the resumed part of the meeting) will be invalid. As Sunday is not a business day, if you intend to mail your Proxy Form or powers of attorney, you should ensure that you allow sufficient time for it to be received by the Prospa Registry by close of business (Sydney time) on Friday, 12 July 2024.

If a voting form is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed voting form unless the power of attorney or other authority has previously been received by the Prospa Registry.

15. Proxy voting by the chair of the General Meeting

If the chair of the General Meeting is a proxy, either by appointment or default, and the appointment does not provide any voting directions on the proxy form, by signing and returning the proxy form, the Prospa Shareholder will be expressly authorising the chair of the General Meeting to cast their vote on the General Meeting Resolutions as the chair of the General Meeting sees fit.

The chair of the General Meeting intends to vote undirected proxies in favour of the General Meeting Resolutions, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Prospa Shareholders.

16. Technical difficulties

Technical difficulties may arise during the course of the General Meeting. The Chair has discretion as to whether and how the General Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the Chair will have regard to the number of Prospa Shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chair considers it appropriate, the Chair may continue to hold the General Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Prospa Shareholders are encouraged to lodge a directed proxy in advance of the General Meeting.

17. Further information

Further information relating to the iPartners Funding is set out in Section 2.6 of the Scheme Booklet.

Virtual Meeting Online Guide

Before you begin

Ensure your browser is compatible. Check your current browser by going to the website: **whatismybrowser.com**

Supported browsers are:

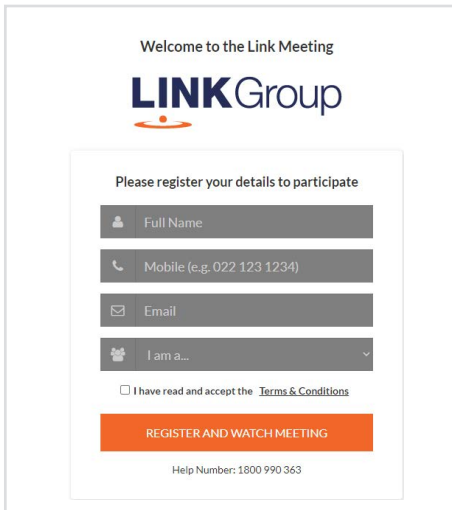
- Chrome – Version 44 & 45 and after
- Firefox – 40.0.2 and after
- Safari – OS X v10.9 & OS X v10.10 and after
- Internet Explorer – 11 and up
- Edge – 92.0 and up

To attend and vote you must have your securityholder number and postcode.

Appointed Proxy: Your proxy number will be provided by Link before the meeting.

Please make sure you have this information before proceeding.

Virtual Meeting Online Guide



Welcome to the Link Meeting

LINKGroup

Please register your details to participate

Full Name

Mobile (e.g. 022 123 1234)

Email

I am a...

I have read and accept the [Terms & Conditions](#)

REGISTER AND WATCH MEETING

Help Number: 1800 990 363

Step 1

Open your web browser and go to <https://investor.prospa.com/scheme/>

Step 2

Log in to the portal using your full name, mobile number, email address, and participant type.

Please read and accept the terms and conditions before clicking on the blue **'Register and Watch Meeting'** button.

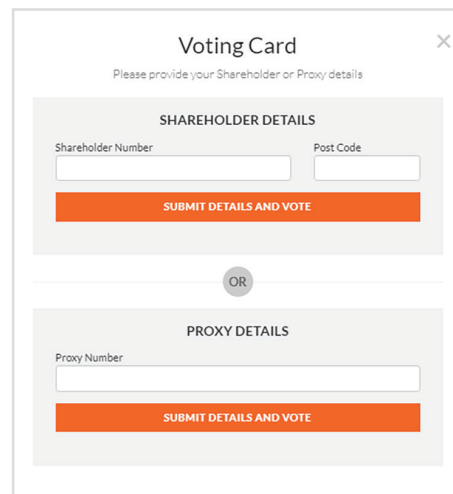
- On the left – a live webcast of the Meeting starts automatically once the meeting has commenced. If the webcast does not start automatically please press the play button and ensure the audio on your computer or device is turned on.
- On the right – the presentation slides that will be addressed during the Meeting
- At the bottom – buttons for 'Get a Voting Card', 'Ask a Question' and a list of company documents to download

Note: If you close your browser, your session will expire and you will need to re-register. If using the same email address, you can request a link to be emailed to you to log back in.

1. Get a Voting Card

To register to vote – click on the 'Get a Voting Card' button.

This will bring up a box which looks like this.



Voting Card

Please provide your Shareholder or Proxy details

SHAREHOLDER DETAILS

Shareholder Number

Post Code

SUBMIT DETAILS AND VOTE

OR

PROXY DETAILS

Proxy Number

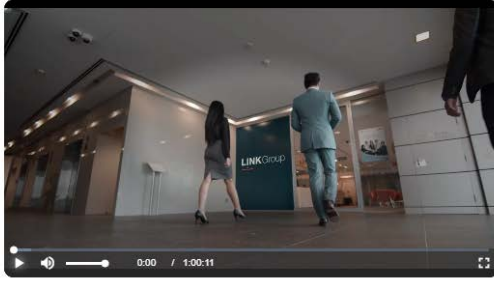
SUBMIT DETAILS AND VOTE

If you are an individual or joint securityholder you will need to register and provide validation by entering your securityholder number and postcode.

If you are an appointed Proxy, please enter the Proxy Number issued by Link in the PROXY DETAILS section. Then click the **'SUBMIT DETAILS AND VOTE'** button.

Once you have registered, your voting card will appear with all of the resolutions to be voted on by securityholders at the Meeting (as set out in the Notice of Meeting). You may need to use the scroll bar on the right hand side of the voting card to view all resolutions.

Securityholders and proxies can either submit a Full Vote or Partial Vote.



+

Get a Voting Card

?

Ask a Question

Downloads

- Speakers Bio's
- Sustainability Report
- Notice of meeting
- Online Guide
- Annual Report

JOHN SAMPLE
*****0014
✕

Voting Card

Please complete your vote by selecting the required voting instruction (For, Against or Abstain) for each resolution. If you would like to complete a partial vote, please specify the number of votes for each resolution in the Partial Vote section. Proxy holder votes will only be applied to discretionary (undirected) votes. Directed votes will be applied as per the shareholder's voting instructions.

Full Vote
Partial Vote

Resolution 1	<input checked="" type="radio"/> For <input type="radio"/> Against <input type="radio"/> Abstain
GENERAL BUSINESS	

SUBMIT VOTE

Full Votes

To submit a full vote on a resolution ensure you are in the **'Full Vote'** tab. Place your vote by clicking on the **'For'**, **'Against'**, or **'Abstain'** voting buttons.

Partial Votes

To submit a partial vote on a resolution ensure you are in the **'Partial Vote'** tab. You can enter the number of votes (for any or all) resolution/s. The total amount of votes that you are entitled to vote for will be listed under each resolution. When you enter the number of votes it will automatically tally how many votes you have left.

Note: If you are submitting a partial vote and do not use all of your entitled votes, the un-voted portion will be submitted as No Instruction and therefore will not be counted.

Once you have finished voting on the resolutions scroll down to the bottom of the box and click on the **'Submit Vote'** or **'Submit Partial Vote'** button.

Note: You can close your voting card without submitting your vote at any time while voting remains open. Any votes you have already made will be saved for the next time you open up the voting card. The voting card will appear on the bottom left corner of the webpage. The message **'Not yet submitted'** will appear at the bottom of the page.

You can edit your voting card at any point while voting is open by clicking on **'Edit Card'**. This will reopen the voting card with any previous votes made.

At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide windows advising the remaining voting time. Please make any changes and submit your voting cards. Once voting has been closed all submitted voting cards cannot be changed.

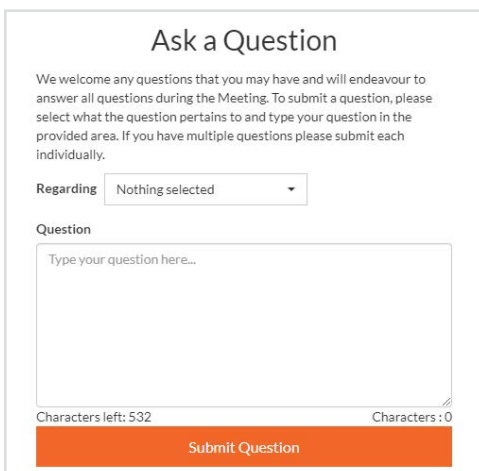
Virtual Meeting Online Guide continued

2. How to ask a question

Note: Only verified Securityholders, Proxyholders and Corporate Representatives are eligible to ask questions.

If you have yet to obtain a voting card, you will be prompted to enter your security holder number or proxy details before you can ask a question. To ask a question, click on the 'Ask a Question' button either at the top or bottom of the webpage.

The 'Ask a Question' box will then pop up with two sections for completion.



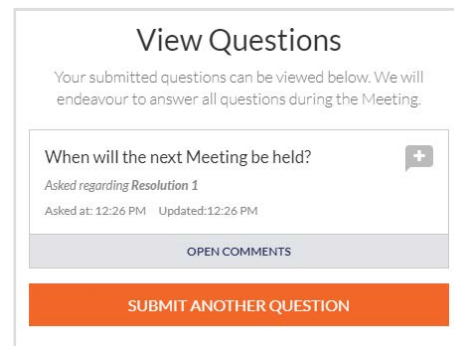
In the 'Regarding' section click on the drop down arrow and select the category/resolution for your question.

Click in the 'Question' section and type your question and click on 'Submit'.

A 'View Questions' box will appear where you can view your questions at any point. Only you can see the questions you have asked.

If your question has been answered and you would like to exercise your right of reply, you can submit another question.

Note that not all questions are guaranteed to be answered during the Meeting, but we will do our best to address your concerns.



3. Downloads

View relevant documentation in the Downloads section.

4. Voting closing

Voting will end 5 minutes after the close of the Meeting.

At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide screens advising of the remaining voting time. If you have not submitted your vote, you should do so now.

Contact us

Australia

T +61 1800 990 363

E info@linkmarketservices.com.au

Annexure 8 – Notice of Scheme Meeting

Notice of Scheme Meeting

Prospa Group Limited ACN 625 648 722

Notice of meeting

Notice is hereby given that, by an order of the Supreme Court of New South Wales pursuant to section 411(1) of the **Corporations Act 2001** (Cth), a meeting of shareholders of Prospa Group Limited (**Prospa**) other than Excluded Shareholders will be held online via the online platform at <https://investor.prospa.com/scheme/> on Tuesday, 16 July 2024 immediately following the extraordinary general meeting of Prospa Shareholders (**Scheme Meeting**).

Further details on how to participate in the Scheme Meeting via the online platform are set out in the explanatory notes that accompany and form part of this Notice of Scheme Meeting and in the Guide to Using the Online Platform .

Business of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which Prospa, BidCo and HoldCo agree) to be made between Prospa and Scheme Shareholders.

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part. Additional information about the Scheme Meeting is set out in the explanatory notes that accompany and form part of this notice. Capitalised terms used but not defined in this notice have the defined meanings set out in section 8 of the Scheme Booklet unless the context otherwise requires.

Scheme Resolution

The Scheme Meeting will be asked to consider and, if thought fit, to pass (with or without amendment) the following resolution (**Scheme Resolution**):

“That, pursuant to and in accordance with section 411 of the **Corporations Act 2001** (Cth), the scheme of arrangement proposed between Prospa Group Limited and the holders of its ordinary shares (other than Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to (with or without modification or conditions as approved by the Supreme Court of New South Wales to which Prospa Group Limited and Salkbridge Pty Ltd agree in writing).”

By order of the Court.



Gail Pemberton AO

Chair

Prospa Group Limited

Dated 12 June 2024

Explanatory notes

1. General

This notice of meeting and the Scheme Resolution should be read in conjunction with the scheme booklet of which this notice forms part (**Scheme Booklet**). The Scheme Booklet contains important information to assist Prospa Shareholders in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Annexure 2 of the Scheme Booklet.

Unless otherwise defined, terms used in this notice have the same meaning as set out in the Glossary in section 8 of the Scheme Booklet.

2. Meeting format

The Scheme Meeting will be held virtually via the online meeting platform at <https://investor.prospa.com/scheme/>. This means that Prospa Shareholders and their authorised proxies, attorneys and corporate representatives (each a **Participant**) will be able to attend and participate in the Scheme Meeting online at <https://investor.prospa.com/scheme/>. Participants will be able to listen to the Scheme Meeting, cast an online vote, ask questions online and by telephone. Participants will not be able to attend a physical meeting.

Further details on how to participate in the Scheme Meeting via the online platform are set out in section 8 of this Notice of Scheme Meeting and in the Guide to Using the Online Platform which is attached to this Notice of Scheme Meeting.

Prospa Shareholders who are unable to, or do not wish to, participate in the Scheme Meeting or will not have access to a device or the internet, are encouraged to submit a direct vote or directed proxy vote as early as possible and in any event by 3.00pm (Sydney time) on Sunday, 14 July 2024 following the instructions below. Prospa Shareholders are encouraged to submit a direct vote or directed proxy vote even if they intend to attend the Scheme Meeting via the online platform so that their vote will be counted if for any reason they cannot join the Scheme Meeting (for example, if there is an issue with their internet connection on the day of the Scheme Meeting).

3. Chair

The Court has directed that Gail Pemberton AO is to act as chair of the Scheme Meeting and that if she is unable or unwilling to act, Fiona Trafford-Walker is to act as chair of the Scheme Meeting.

4. Voting recommendation

The Independent Board Committee recommends that Prospa Shareholders (other than Excluded Shareholders) vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders. Each Independent Board Committee member intends to vote, or cause to be voted, all Prospa Shares owned or controlled by her in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Prospa Shareholders.

Each of Gregory Moshal, Beaumont Bertoli and Aviad Eyal have advised the Independent Board Committee that they intend to vote in favour of the Resolutions and to Elect and receive the Scrip Consideration, subject to no Superior Proposal emerging and the Independent Expert maintaining its

conclusion that the Scheme is in the best interests of Prospa Shareholders. Accordingly, due to the material stake that each Director will hold or be associated with in HoldCo, each has abstained from making a recommendation in relation to the General Meeting Resolutions.

5. Quorum

A quorum for a meeting of Prospa Shareholders (other than Excluded Shareholders) is five or more members present at the meeting and entitled to vote on a resolution at the meeting.

6. Majorities required

In accordance with section 411(4)(a) of the Corporations Act, for the Scheme to be approved by Prospa Shareholders (other than Excluded Shareholders), the Scheme Resolution must be passed by:

- unless the Court orders otherwise, a simple majority (that is, 50% or more) of Prospa Shareholders (other than Excluded Shareholders) present and voting (either online or by proxy, attorney or corporate representative); and
- at least 75% of the votes cast on the Scheme Resolution by Prospa Shareholders (other than Excluded Shareholders) present and voting (either online or by proxy, attorney or corporate representative).

7. Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme must be approved by the order of the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC. If the Scheme Resolution set out in this notice is agreed to by the required majorities set out above and the conditions set out in the Scheme are satisfied or waived (where capable of waiver), Prospa will apply to the Court for the necessary orders to give effect to the Scheme.

8. Determination of entitlement to participate and vote

For the purposes of the Scheme Meeting, Prospa Shares will be taken to be held by the persons who are registered as a Prospa Shareholder (other than Excluded Shareholders) at 7.00pm (Sydney time) on Sunday, 14 July 2024. Accordingly, registrable transmission applications to transfers registered after this time will be disregarded in determining entitlements to participate in and vote at the Scheme Meeting either in person, by proxy or attorney, or in the case of a corporate Prospa shareholder, by a corporate representative.

9. Participation at the Scheme Meeting

Prospa Shareholders and their authorised proxies, attorneys and corporate representatives can participate in and vote at the Scheme Meeting via the online platform at <https://investor.prospa.com/scheme/>.

The online platform may be accessed via a computer or mobile or tablet device with internet access. The online platform will allow Prospa Shareholders and their authorised proxies, attorneys and corporate representatives to watch the Scheme Meeting live, cast an online vote and ask questions online. Participants will also have the ability to ask questions via the online platform, to speak and ask questions via telephone, and hear all of the discussions that occur at the Scheme Meeting, subject to the connectivity of their devices.

To vote online, Prospa Shareholders will need their Security Reference Number ('SRN') or Holder Identification Number ('HIN') and their postcode or country of residence (if outside Australia). Proxyholders will need to enter the proxy code which will be provided by Link Market Services Limited before the Scheme Meeting day. If Prospa Shareholders have any questions regarding how to vote please call the Prospa Registry on 1300 554 474 between 8.30am and 5.30pm (Sydney time), Monday to Friday excluding public holidays, or emailing the Prospa Registry at registrars@linkmarketservices.com.au.

Participants will be able to log in to the online platform 30 minutes before the start of the Scheme Meeting, noting that the General Meeting will be held immediately prior to the Scheme Meeting. The Guide to Using the Online Platform provides details about how to ensure browsers are compatible with the online platform as well as a step-by-step guide to successfully log in and navigate the site. The Guide to Using the Online Platform is attached to this Notice of Scheme Meeting.

10. How to vote

Voting at the Scheme Meeting will be conducted by poll.

Prospa Shareholder who are entitled to vote at the Scheme Meeting, may vote:

- **online**, by participating and voting via the online platform at <https://investor.prospa.com/scheme/>;
- **by direct vote prior to the Scheme Meeting**, by following the procedures set out below at any time between the date of this Notice of Scheme Meeting and 3.00pm on Sunday, 14 July 2024
- **by proxy**, by lodging a proxy form online at <https://investor.prospa.com/scheme/> or by completing, signing and lodging a proxy form for the Scheme Meeting in accordance with the instructions set out on the form. To be valid, their proxy form must be received by the Prospa Registry by 3.00pm (Sydney time) on Sunday, 14 July 2024
- **by attorney**, by appointing an attorney to participate in and vote at the Scheme Meeting on their behalf and providing a duly executed power of attorney to the Prospa Registry by 3.00pm (Sydney time) on Sunday, 14 July 2024; or
- **by corporate representative**, in the case of a body corporate which is a Prospa Shareholder, by appointing a corporate representative to participate in and vote at the Scheme Meeting on behalf of that Prospa Shareholder and providing a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to the Scheme Meeting.

Any votes cast in favour of the Scheme Resolution by Excluded Shareholders and any of their Associates will be invalid.

Note: As Sunday is not a business day, if you intend to mail your Proxy Form or powers of attorney, you should ensure that you allow sufficient time for it to be received by the Prospa Registry by close of business (Sydney time) on Friday, 12 July 2024.

11. Jointly held Prospa Shares

If the Prospa Shares are jointly held, each of the joint shareholders is entitled to vote. However, if more than one shareholder votes in respect of jointly held Prospa Shares, only the vote of the shareholder whose name appears first on the Prospa Share Register will be counted.

12. How to ask questions

Participants will have a reasonable opportunity to ask questions during the Scheme Meeting by using the online 'Ask a Question' function and by telephone. Further details are set out in the Guide to Using the Online Platform which is attached to this Notice of Scheme Meeting.

To speak or ask questions via telephone during the Scheme Meeting, please follow the instructions written below the broadcast on the <https://investor.prospa.com/scheme/>.

Participants can also call Prospa's Shareholder Information Line on 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday, excluding public holidays.

13. Voting

(a) Voting online during the Scheme Meeting

Participants will be able to vote online during the Scheme Meeting via the online platform at <https://investor.prospa.com/scheme/>.

Participants will be able to vote directly at any time between the scheduled start of the Scheme Meeting on Tuesday, 16 July 2024 and the closure of voting as announced by the chair of the Scheme Meeting.

To enter the online platform, Participants will need their SRN or HIN (which is shown on their holding statement or proxy form) and their postcode (or select country code if outside Australia) or, if applicable, the SRN or HIN and postcode of their appointing Prospa Shareholder, for verification purposes.

More information about how to use the online platform is available in the Guide to Using the Online Platform, which is attached to this Notice of Scheme Meeting.

(b) Direct vote prior to the Scheme Meeting

To vote by direct vote, Prospa Shareholders must lodge their vote online no later than 3.00pm on Sunday, 14 July 2024, by following the instructions available on our Investor Centre (login via <http://www.linkmarketservices.com.au/>).

To enter the online platform, Participants will need their SRN or HIN (which is shown on their holding statement or proxy form) and their postcode (or select country code if outside Australia) or, if applicable, the SRN or HIN and postcode of their appointing Prospa Shareholder, for verification purposes.

(c) Voting by proxy

A Prospa Shareholder entitled to participate in and vote at the Scheme Meeting is also entitled to appoint a proxy to participate and vote on their behalf at any time prior to 3.00pm (Sydney time) on Sunday, 14 July 2024. To do so, they should either mark the box 'Appoint a Proxy' in step 1 of the voting form to appoint the Chair of the Scheme Meeting as their proxy, or insert the name of their alternative proxy in the space provided. Alternatively, a Prospa Shareholder may appoint a proxy online at <https://investor.prospa.com/scheme/> by following the prompts. Please refer to section 14 below for further details in relation to how to submit a voting form.

The following applies to proxy appointments:

- A proxy need not be a Prospa Shareholder and may be an individual or a body corporate.

- If a body corporate is appointed as a proxy, it must ensure that it appoints an individual as its corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Scheme Meeting.
- A Prospa Shareholder who is entitled to cast two or more votes at the Scheme Meeting may appoint up to two proxies and may specify the proportion or number of votes each proxy may exercise. If a Prospa Shareholder wishes to appoint a second proxy, a second hard copy voting form should be used and the form should clearly indicate that it is a second proxy and not a revocation of the first proxy. Both voting forms should be returned together in the same envelope. If a Prospa Shareholder wishes to appoint two proxies using hard copy voting forms, the Prospa Shareholder will need to obtain a second voting form. Where two proxies are appointed, each proxy should be appointed to represent a specified proportion of the Prospa Shareholder's voting rights. If a Prospa Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Prospa Shareholder's votes, each proxy may only exercise half of that Prospa Shareholder's votes.
- If a Prospa Shareholder holds Prospa Shares jointly with one or more other persons, in order for a proxy appointment to be valid, either Prospa Shareholder may sign the proxy form.
- Each proxy will have the right to vote on the poll and also to ask questions at the Scheme Meeting.
- If a Prospa Shareholder has appointed a proxy and participates in and votes at the Scheme Meeting, the authority of the Prospa Shareholder proxy to participate and vote on that Prospa Shareholder's behalf, is automatically suspended. However, if a Prospa Shareholder views the live webcast of the Scheme Meeting as a 'visitor', the Prospa Shareholder will not revoke the proxy appointment.
- A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Prospa Registry before the start of the Scheme Meeting (or, if the Scheme Meeting is adjourned or postponed, before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways referred to in section 14 below.
- Prospa Shareholders should consider how they wish their proxy to vote. That is, whether they want their proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy.
- If a Prospa Shareholder does not direct their proxy how to vote on the Scheme Resolution, the proxy may vote, or abstain from voting, as he or she thinks fit. If a Prospa Shareholder instructs their proxy to abstain from voting, he or she is directed not to vote on their behalf, and the Prospa Shares the subject of the proxy appointment will not be counted.
- If a Prospa Shareholder returns their proxy form:
 - without identifying a proxy on it, they will be taken to have appointed the Chair of the Scheme Meeting as their proxy to vote on their behalf; or
 - with a proxy identified on it but their proxy does not participate in the Scheme Meeting, the Chair of the Scheme Meeting will act in place of their nominated proxy and vote in accordance with any directions on their proxy form.

- The Chair of the Scheme Meeting intends to vote undirected proxies in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Prospa Shareholders.

(d) Voting by attorney

Prospa Shareholders may appoint not more than two attorneys to participate in and vote at the Scheme Meeting on their behalf. An attorney need not be a Prospa Shareholder and will have the right to vote and also to speak at the Scheme Meeting.

A power of attorney appointing an attorney to participate in and vote at the Scheme Meeting on behalf of a Prospa Shareholder must be duly executed by that Prospa Shareholder and specify the Prospa Shareholder's name, the company (that is, Prospa), and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one.

If two attorneys are appointed, each attorney may be appointed to represent a specified number or proportion of the Prospa Shareholder's votes. If no such number or proportion is specified, each attorney may exercise half of the Prospa Shareholder's votes.

A power of attorney, or a certified copy of such power of attorney, should be received by the Prospa Registry before 3.00pm (Sydney time), on Sunday, 14 July 2024 in any of ways specified for proxy forms in section 14 below, except that a power of attorney or a certified copy of a power of attorney cannot be lodged online or by mobile device.

A single appointed attorney wishing to participate in and vote at the Scheme Meeting via the online platform will require the appointing Prospa Shareholder's name and postcode and the SRN/HIN of the shareholding in order to access the online platform.

If two attorneys are appointed, each must contact Prospa's Shareholder Information Line 1800 236 994 (within Australia) or +61 1800 236 994 (outside Australia), between 8.30am and 5.30pm (Sydney time), Monday to Friday, excluding public holidays, before 3.00pm (Sydney time) on Sunday, 14 July 2024 to organise voting and online platform access arrangements.

(e) Voting by corporate representative

A body corporate that is a Prospa Shareholder, or that has been appointed as a proxy, must appoint an individual to act as its corporate representative at the Scheme Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act.

The 'Appointment of Corporate Representative' form may be downloaded from the Prospa Registry website at www.linkmarketservices.com.au. The form of appointment may set out restrictions on the representative's powers.

The form of appointment must be received by the Prospa Registry prior to the Scheme Meeting. Prospa Shareholders may submit the certificate:

- via email, by sending it to registrars@linkmarketservices.com.au; or
- in any of the ways specified for submitting voting forms in this Notice of Scheme Meeting, except that a form of appointment of corporate representative cannot be lodged online or by mobile device.

If a form of appointment is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of

attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been received by the Prospa Registry.

14. How to submit a voting form

To appoint a proxy, Prospa Shareholders should complete and submit the proxy form in accordance with the instructions on that form.

To be effective, proxy appointments must be received by way of completed voting forms by the Prospa Registry by 3.00pm (Sydney time) on Sunday, 14 July 2024 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- **online:** at <https://investor.prospa.com/scheme/> and follow the prompts;
- **by mobile device:** If Prospa Shareholders have a smart phone, they can now lodge your proxy appointment via <https://investor.prospa.com/scheme/> or by scanning the QR code on the voting form. To scan the QR code, Prospa Shareholders will need a QR code reader application which can be downloaded for free on their mobile devices;
- **by post to:**
Prospa Group Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
- **by hand delivery** (during normal business hours) to the Prospa Registry at:
Link Market Services Limited
Level 22, Tower 6, 10 Darcy Street
Paramatta NSW 2150

Voting forms received after 3.00pm (Sydney time) on Sunday, 14 July 2024 (or, if the Scheme Meeting is adjourned or postponed, less than 48 hours before the time or resumption of the Scheme Meeting in relation to the resumed part of the meeting) will be invalid. As Sunday is not a business day, if you intend to mail your Proxy Form or powers of attorney, you should ensure that you allow sufficient time for it to be received by the Prospa Registry by close of business (Sydney time) on Friday, 12 July 2024.

If a voting form is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed voting form unless the power of attorney or other authority has previously been received by the Prospa Registry.

15. Proxy voting by the chair of the Scheme Meeting

If the chair of the Scheme Meeting is a proxy, either by appointment or default, and the appointment does not provide any voting directions on the proxy form, by signing and returning the proxy form, the Prospa Shareholder will be expressly authorising the chair of the Scheme Meeting to cast their vote on the Scheme Resolution as the chair of the Scheme Meeting sees fit.

The chair of the Scheme Meeting intends to vote undirected proxies in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Prospa Shareholders.

16. Technical difficulties

Technical difficulties may arise during the course of the Scheme Meeting. The Chair has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the Chair will have regard to the number of Prospa Shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chair considers it appropriate, the Chair may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Prospa Shareholders are encouraged to lodge a directed proxy in advance of the Scheme Meeting.

Virtual Meeting Online Guide

Before you begin

Ensure your browser is compatible. Check your current browser by going to the website: **whatismybrowser.com**

Supported browsers are:

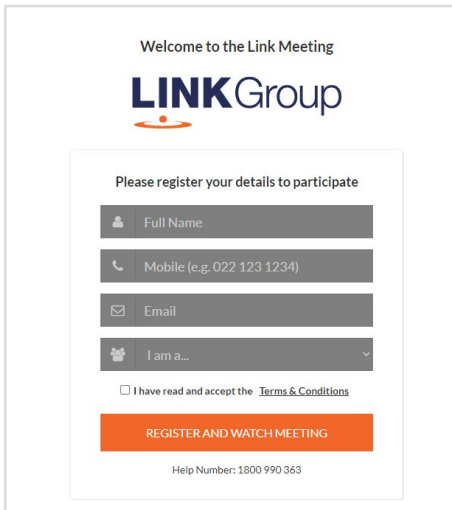
- Chrome – Version 44 & 45 and after
- Firefox – 40.0.2 and after
- Safari – OS X v10.9 & OS X v10.10 and after
- Internet Explorer – 11 and up
- Edge – 92.0 and up

To attend and vote you must have your securityholder number and postcode.

Appointed Proxy: Your proxy number will be provided by Link before the meeting.

Please make sure you have this information before proceeding.

Virtual Meeting Online Guide



Welcome to the Link Meeting

LINKGroup

Please register your details to participate

Full Name

Mobile (e.g. 022 123 1234)

Email

I am a...

I have read and accept the [Terms & Conditions](#)

REGISTER AND WATCH MEETING

Help Number: 1800 990 363

Step 1

Open your web browser and go to <https://investor.prospa.com/scheme/>

Step 2

Log in to the portal using your full name, mobile number, email address, and participant type.

Please read and accept the terms and conditions before clicking on the blue **'Register and Watch Meeting'** button.

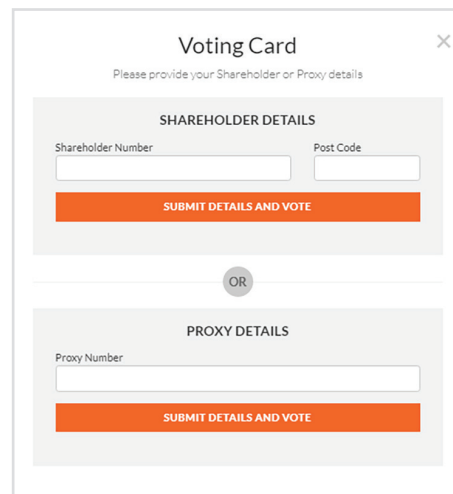
- On the left – a live webcast of the Meeting starts automatically once the meeting has commenced. If the webcast does not start automatically please press the play button and ensure the audio on your computer or device is turned on.
- On the right – the presentation slides that will be addressed during the Meeting
- At the bottom – buttons for 'Get a Voting Card', 'Ask a Question' and a list of company documents to download

Note: If you close your browser, your session will expire and you will need to re-register. If using the same email address, you can request a link to be emailed to you to log back in.

1. Get a Voting Card

To register to vote – click on the 'Get a Voting Card' button.

This will bring up a box which looks like this.



Voting Card

Please provide your Shareholder or Proxy details

SHAREHOLDER DETAILS

Shareholder Number

Post Code

SUBMIT DETAILS AND VOTE

OR

PROXY DETAILS

Proxy Number

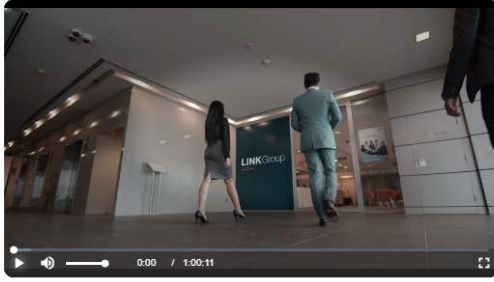
SUBMIT DETAILS AND VOTE

If you are an individual or joint securityholder you will need to register and provide validation by entering your securityholder number and postcode.

If you are an appointed Proxy, please enter the Proxy Number issued by Link in the PROXY DETAILS section. Then click the **'SUBMIT DETAILS AND VOTE'** button.

Once you have registered, your voting card will appear with all of the resolutions to be voted on by securityholders at the Meeting (as set out in the Notice of Meeting). You may need to use the scroll bar on the right hand side of the voting card to view all resolutions.

Securityholders and proxies can either submit a Full Vote or Partial Vote.



+

Get a Voting Card

?

Ask a Question

Downloads

- Speakers Bio's
- Sustainability Report
- Notice of meeting
- Online Guide
- Annual Report

JOHN SAMPLE
*****0014
✕

Voting Card

Please complete your vote by selecting the required voting instruction (For, Against or Abstain) for each resolution. If you would like to complete a partial vote, please specify the number of votes for each resolution in the Partial Vote section. Proxy holder votes will only be applied to discretionary (undirected) votes. Directed votes will be applied as per the shareholder's voting instructions.

Full Vote
Partial Vote

Resolution 1 For Against Abstain

GENERAL BUSINESS

SUBMIT VOTE

Full Votes

To submit a full vote on a resolution ensure you are in the **'Full Vote'** tab. Place your vote by clicking on the **'For'**, **'Against'**, or **'Abstain'** voting buttons.

Partial Votes

To submit a partial vote on a resolution ensure you are in the **'Partial Vote'** tab. You can enter the number of votes (for any or all) resolution/s. The total amount of votes that you are entitled to vote for will be listed under each resolution. When you enter the number of votes it will automatically tally how many votes you have left.

Note: If you are submitting a partial vote and do not use all of your entitled votes, the un-voted portion will be submitted as No Instruction and therefore will not be counted.

Once you have finished voting on the resolutions scroll down to the bottom of the box and click on the **'Submit Vote'** or **'Submit Partial Vote'** button.

Note: You can close your voting card without submitting your vote at any time while voting remains open. Any votes you have already made will be saved for the next time you open up the voting card. The voting card will appear on the bottom left corner of the webpage. The message **'Not yet submitted'** will appear at the bottom of the page.

You can edit your voting card at any point while voting is open by clicking on **'Edit Card'**. This will reopen the voting card with any previous votes made.

At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide windows advising the remaining voting time. Please make any changes and submit your voting cards. Once voting has been closed all submitted voting cards cannot be changed.

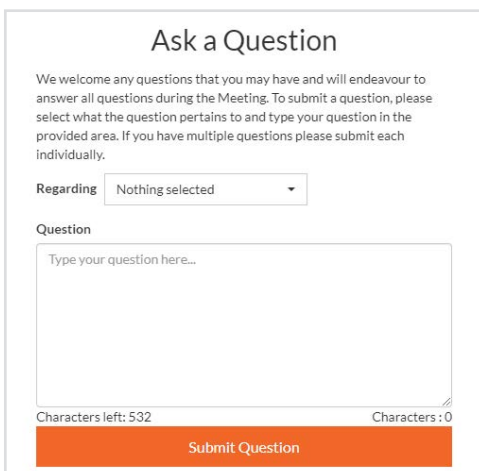
Virtual Meeting Online Guide continued

2. How to ask a question

Note: Only verified Securityholders, Proxyholders and Corporate Representatives are eligible to ask questions.

If you have yet to obtain a voting card, you will be prompted to enter your security holder number or proxy details before you can ask a question. To ask a question, click on the 'Ask a Question' button either at the top or bottom of the webpage.

The 'Ask a Question' box will then pop up with two sections for completion.



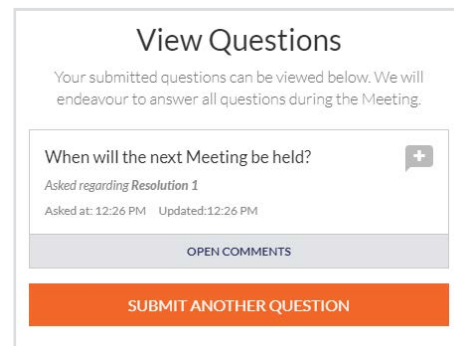
In the 'Regarding' section click on the drop down arrow and select the category/resolution for your question.

Click in the 'Question' section and type your question and click on 'Submit'.

A 'View Questions' box will appear where you can view your questions at any point. Only you can see the questions you have asked.

If your question has been answered and you would like to exercise your right of reply, you can submit another question.

Note that not all questions are guaranteed to be answered during the Meeting, but we will do our best to address your concerns.



3. Downloads

View relevant documentation in the Downloads section.

4. Voting closing

Voting will end 5 minutes after the close of the Meeting.

At the conclusion of the Meeting a red bar with a countdown timer will appear at the top of the Webcast and Slide screens advising of the remaining voting time. If you have not submitted your vote, you should do so now.

Contact us

Australia

T +61 1800 990 363

E info@linkmarketservices.com.au

Need help?

Contact Prospa Group Shareholder Information Line
Phone 1800 236 994 (from within Australia)
Phone +61 1800 236 994 (from outside Australia)

A Your name

SAMPLE NAME 1
SAMPLE NAME 2
<SAMPLE A/C>
SAMPLE ADDRESS 1
SAMPLE ADDRESS 2

Your holding

SRN/HIN: 112345678910
Prospa Group Limited Shares held 99,999,999

If your holding has changed from the number shown above, then write your current holding here. Your Election will be granted over your updated holding.

This is an important document. If you are in doubt as to how to complete this Election Form, please consult your financial or other professional adviser immediately.

Terms used but not defined in this document have the meaning given to them in the scheme booklet dated 12 June 2024 issued by Prospa Group Limited (**Scheme Booklet**).

If you are a Eligible Prospa Shareholder, you may make an Election to receive either the Cash Consideration or the Scrip Consideration by:

- (a) submitting an Election online at <https://investor.prospa.com/scheme/>; or
- (b) completing and returning this Election Form to the address overleaf.

For your Election to be valid, it must be submitted online or returned to the Prospa Registry by no later than the Election Time (being 5:00pm (AEST) on Monday, 29 July 2024). If you are not an Eligible Prospa Shareholder, please disregard this form.

Election Form

This is a personalised form for the sole use of the holder and holding recorded above.

B Notice of Election

Please make your Election for Scheme Consideration in respect of all of your Scheme Shares, on the terms and conditions contained in Scheme Booklet.

I elect to receive:

Cash Consideration Scrip Consideration

I understand that if I do not make an Election, or make an invalid election, I will be deemed to have elected to receive Cash Consideration in respect of all of my Scheme Shares if the Scheme is implemented (unless, in the case of an invalid election, otherwise determined by BidCo in its sole discretion to be a valid election in accordance with clause 5.2(j) of the Scheme).

C Sign and return this form

Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Shareholder 2 (Individual)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Director

Contact Name

Contact Day Telephone

Date

Please refer overleaf for further important instructions

REGISTRY USE ONLY



SRN/HIN



Holding

PGL SOA001



Further Important Instructions

For your Election to be valid, you must complete and return this Election Form by the Election Time in accordance with the instructions below and set out in the Scheme Booklet.

Words and expressions used in this Election Form have the same meaning given to them in the Scheme Booklet, unless the context requires otherwise.

Completion instructions

- A** • **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name can only be processed by the Prospa Registry.
- **Please note** your consideration will be issued in the names as they appear on the Prospa Register.
- D** • **Please sign this Election Form in the places for signature(s) set out on the front page and in accordance with the following instructions:**
 - **Joint shareholders:** If your Prospa Shares are held in the names of more than one person, all of those persons must sign this Election Form.
 - **Corporations:** This Election Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Election Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Election Form when you return it. If this Election Form is signed under power of attorney, the attorney declares that he/she has no notice of revocation of the power of attorney.
 - **Deceased estates:** All the executors and administrators must sign this Election Form. When you return this Election Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Personal Information Collection Notification Statement: Personal information about you is held on the public register in accordance with Chapter 2C of the Corporations Act 2001. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (AEST) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

Important Information

By signing and completing this Election Form, you acknowledge and agree to the following terms and conditions contained in this Election Form, including:

- If you are an Eligible Prospa Shareholder:
 - you have read the terms and conditions of this Election Form in conjunction with the Scheme Implementation Deed dated 26 February 2024 as set out in the ASX Announcement dated 27 February 2024; and
 - who has made a valid Election for Scrip Consideration on or before the Election Time, you agree to become a member of HoldCo from the Implementation Date and automatically become bound by the terms and conditions of the HoldCo Constitution, HoldCo Shareholders' Deed and Nominee Deed (as applicable to Appointing Beneficiaries) from the Implementation Date, pursuant to terms of the Scheme.
- If you are an Ineligible Foreign Shareholder who elects to receive Scrip Consideration, your election will be of no effect unless BidCo determines that it is lawful and not unduly onerous or impracticable to issue you New HoldCo Shares when the Scheme becomes Effective.
- If you are an Excluded Shareholder, you are not entitled to make an Election pursuant to this Election Form. Any purported Election made by an Excluded Shareholder pursuant to this Election Form will be invalid and have no effect.
- Scheme Shareholders who have already sold all of their Prospa Shares prior to the Election Time do not need to take any further action, and should destroy this Election Form for security reasons. **Please note, you cannot change ownership of your Prospa Shares using this Election Form.**
- Your pre-printed name and address are as they appear on the Prospa Register. If you are issuer sponsored and this information is incorrect, please make the correction on the front of this Election Form. If you are sponsored by a broker on the CHESSE sub-register and this information is incorrect, you should advise your broker.
- If you hold one or more parcels of Prospa Shares as trustee or nominee for, or otherwise on account of, another person, you may, subject to providing to BidCo any substantiating information they reasonably require, make separate Elections under the Scheme for each underlying holding. Each Election must be made on a separate Election Form. An Election made in respect of any such parcel, or an omission to make an Election in respect of any such parcel, will not be taken to extend to the other parcels. BidCo reserves the right to request any additional substantiating information that it may reasonably require.
- A valid Election will be irrevocable unless BidCo in its absolute discretion agrees to the revocation of the Election. You acknowledge and confirm that if you do not make a valid Election, or make an invalid Election, or your Election is not received by the Election Time, you will be deemed to have Elected to receive the Cash Consideration for all the Prospa Shares you hold as at the Scheme Record Date.
- Your personal information provided on this Election Form will be collected by the Prospa Registry for use in the implementation of the Scheme, and may be disclosed to other persons to administer your Prospa shareholding in relation to the Scheme (please refer to the Personal Information Collection Notification Statement above). You can obtain access to your personal information by contacting the Prospa Registry at the address or telephone number shown in this Election Form.
- If you are an Eligible Prospa Shareholder and are entitled to and have opted for a Direct Holding of New HoldCo Shares, in addition to completing this Election Form, please also complete and deliver to HoldCo at least 2 Business Days prior to the Implementation Date, a Direct Holding Notice directing HoldCo to issue the New HoldCo Shares in accordance with clause 5 of the Scheme. If you require further information relating to a Direct Holding Notice, please contact the Prospa's Shareholder Information Line via the information provided below.

Lodgement instructions

- Mail completed Election Form(s) and any other documents required by the above instructions to:

Mail to:

Prospa Group Limited
C/- Link Market Services Limited Locked Bag A14
SYDNEY SOUTH NSW 1235

OR

Deliver in person to:

Prospa Group Limited
C/- Link Market Services Limited
Parramatta Square
Level 22, Tower 6
10 Darcy Street
PARRAMATTA NSW 2150

- A green strip reply paid envelope is enclosed for use within Australia.

**Your Election Form must be received by no later than the Election Time
which is 5:00pm (AEST) on Monday, 29 July 2024.**

**If you have any questions about the terms of the Scheme and your Election, please call
Prospa's Shareholder Information Line on 1800 236 994 (within Australia) and +61 1800 236 994
(outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday
(excluding public holidays).**