

PIONEER CREDIT LIMITED

ACN 103 003 505

OFFER DOCUMENT

For a non-renounceable pro-rata offer to Eligible Shareholders on the basis of 1 New Share for every 20 Shares held as at the Record Date at an Issue Price of \$2.00 per Share (**Offer**).

IMPORTANT NOTICE

This Offer Document is not a prospectus or other form of disclosure document under the Corporations Act. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

This Offer Document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

This Offer opens on Thursday 13 April 2017 and closes at 5:00pm (EST) on Monday 1 May 2017 (unless extended). Valid acceptances must be received before that time.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

IMPORTANT NOTES

1. Offer document

This Offer Document has been prepared by Pioneer Credit Limited ACN 103 003 505 (the **Company**) and is dated 6 April 2017. This Offer Document is **not** a prospectus or other form of disclosure document under the Corporations Act and has not been lodged with ASIC. The Offer contained in this Offer Document is being made without disclosure in accordance with section 708AA of the Corporations Act, as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

2. This is an important document

The information contained in this Offer Document does not constitute investment advice and has been prepared without taking into account each Eligible Shareholder's investment objectives or financial circumstances. You should seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks. The Offer Document does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

3. Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer. To the extent permitted by law, neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Offer Document, except as required by law and then only to the extent so required.

4. Future performance and forward looking statements

Neither the Company nor any other person warrants, represents or guarantees (expressly or by implication) the future performance of the New Shares or any particular rate of return on any investment made pursuant to the Offer, or any particular tax treatment.

This Offer Document contains certain "forward looking statements". Forward-looking statements, opinions and estimates provided in the information in this Offer Document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

No representation or warranty (express or implied) is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this Offer Document.

While due care and attention have been used in the preparation of forward-looking statements, you are cautioned not to place undue reliance on such statements. Forward-looking statements only speak as to the date of this Offer Document. To the maximum extent permitted by law, the Company disclaims any obligation or undertaking to release any updates or revisions to such information to reflect any change in expectations or assumptions.

An investment in the Company is subject to investment and other known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Offer Document.

5. Past performance

Investors should note that the past share price performance of Shares provides no guarantee or guidance as to future share price performance. Past performance information given in this Offer Document is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

6. Eligibility

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

7. Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document. No action has been taken to permit a public offering of the New Shares under the Offer in any jurisdiction outside of Australia and New Zealand.

It is not practicable for the Company to comply with the securities laws of any other overseas jurisdictions other than Australia and New Zealand having regard to the number of overseas Shareholders, the number and value of the New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

The New Shares have not been and will not be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their application. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder and that the Applicant is physically present in Australia or New Zealand. Shareholders outside Australia and New Zealand (**Ineligible Foreign Shareholders**) should refer to Section 1.13 for details of how their Entitlement will be dealt with.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to take up their Entitlements under the Offer.

8. Privacy Act

If you complete an application for New Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your

securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules, such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

9. Underwriter

Neither the Underwriter, nor any of its respective advisers nor any of its respective affiliates, related bodies corporate, directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Offer Document and they do not take any responsibility for the information set out in this Offer Document or any action taken by you on the basis of such information.

To the maximum extent permitted by law, the Underwriter, each of its respective advisers and its respective affiliates, related bodies corporate, directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer or this Offer Document being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

Neither the Underwriter nor any of its or respective advisers nor any of their respective affiliates, related bodies corporate, directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Offer, nor do they make any representations or warranties to you concerning this Offer, or any such information. You represent, warrant and agree that you have not relied on any statements made by the Underwriter, each of its respective advisers and their respective affiliates, related bodies corporate, directors, officers, partners, employees, representatives or agents in relation to the New Shares or the Offer generally.

KEY OFFER DETAILS

Key details of the Offer	
Offer to Eligible Shareholders	1 New Share for every 20 Shares held at the Record Date
Issue Price per New Share	\$2.00
Maximum number of New Shares to be issued under the Offer (subject to rounding)	2,486,219
Proceeds from the Offer (excluding costs associated with the Offer)	approximately \$5 million
Maximum number of Shares on issue following the Offer and the Placement (refer to Section 2 below)	59,669,265

IMPORTANT DATES

Event	Date
Announcement of the Offer	
Cleansing Notice, Appendix 3B and Offer Document lodged with ASX	Thursday, 6 April 2017
"Ex" date for the Offer (being the date that Shares start trading without the Entitlements to participate in the Offer)	Monday, 10 April 2017
Record Date to determine Entitlements under the Offer	7.00pm (EST) on Tuesday, 11 April 2017
Opening Date of Offer	
Despatch of the Offer Document and Entitlement and Acceptance Form to Eligible Shareholders	Thursday, 13 April 2017
Closing Date for acceptances under the Offer	5.00pm (EST) on Monday, 1 May 2017
New Shares quoted on a deferred settlement basis	Tuesday, 2 May 2017
ASX notified of under subscriptions under the Offer	Wednesday, 3 May 2017
Issue of the New Shares (Deferred settlement trading ends)	Monday, 8 May 2017
Trading of New Shares expected to commence	Tuesday, 9 May 2017
Despatch of holding statements for New Shares	On or about Wednesday, 10 May 2017

The above dates are indicative only. The Company reserves the right, subject to the Corporations Act and the Listing Rules to extend the Closing Date or to withdraw the Offer at any time without prior notice, in which case all Application Monies will be refunded (without interest) as soon as practicable.

LETTER FROM THE CHAIRMAN

Thursday, 6 April 2017

Dear Shareholder

On Thursday 6 April 2017, Pioneer Credit Limited (**Pioneer or Company**) announced a placement of approximately 7.5 million new fully paid ordinary shares to sophisticated and professional investors, who are not related parties of the Company, at \$2.00 per share which raised approximately \$15 million (**Placement**). The Placement presentation is available on the Company's website www.pioneercredit.com.au or on the ASX website www.asx.com.au by searching the Company's ASX code 'PNC'. The Placement is expected to complete on 12 April 2017.

On behalf of the Company's Board, I am pleased to invite eligible shareholders to participate in the Company's non-renounceable pro-rata entitlement offer of 1 New Share for every 20 Shares held at the Record Date of 7.00pm (EST) on Tuesday 11 April 2017, at the same price as the Placement, that is \$2.00 per Share (**Offer**). The Offer of approximately 2.5 million New Shares is intended to raise approximately \$5 million, before the costs of the Offer. Eligible Shareholders, other than Directors and related parties of the Company, may also apply for Additional Shares over and above their Entitlement at \$2.00 per Share. The Offer is fully underwritten by Bell Potter Securities Limited.

Since listing in May 2014, the Company has remained focused on delivering its differentiated service offering to its acquired customers and vendor partners. Pioneer only invests in Purchased Debt Portfolios (**PDPs**) which represent the highest quality PDPs in the Australian and New Zealand markets at economic price points. This cautious assessment of PDPs has underpinned Pioneer's predictable cash flows and enviable return on equity.

Pioneer believes that its differentiated offering has driven its ability to consistently invest throughout-the-cycle at better price points than other market participants and this has been consistently demonstrated since listing. Our disciplined approach allows us to objectively assess pricing, so ensuring that Pioneer does not grow its PDP investment in strongly rising market conditions when pricing levels are considered to not be sustainable.

Pioneer's cautious approach has ensured it is now well placed as the preferred partner for vendors in many instances, and to grow its business through appropriate PDP investment opportunities in current market conditions.

The recent Placement, and this Offer, are driven by the changing market and the opportunities presented to Pioneer. This has culminated in our recently announced PDP investment from an ASX200 company with a face value of approximately \$94 million for an investment of \$14 million. We have upgraded our expectation for PDP investment through our normal works programme of up to approximately \$5 million this financial year and expanded our customer service team by over 100 full time equivalent team members, ensuring a strong platform is in place to drive further growth. An estimated 12% incremental earnings per share accretion in FY18 is forecast following the equity raising. Pioneer now anticipates PDP investment of between ~\$70 million to ~\$72 million in FY17 and has already contracted ~\$37 million in PDP investment in FY18.

Pioneer has also entered into a strategic partnership with an ASX-listed digital marketing platform, Rewardle Holdings Limited (**Rewardle**). This complementary partnership allows Pioneer to considerably broaden its customer reach and grow its financial product customer base as the exclusive partner for personal lending products to Rewardle.

On behalf of my fellow Directors I would like to express my appreciation for your ongoing support of the Company.

Yours sincerely



Michael Smith
Chairman

1. DETAILS OF THE OFFER

1.1 The Offer

The Company is offering Eligible Shareholders the opportunity to subscribe for 1 New Share for every 20 Shares held at 5:00pm (EST) on Tuesday, 11 April 2017 at an Issue Price of \$2.00 per New Share. The Issue Price is the same as under the Placement and represents a 5.2% discount to the last trading price of the Shares on 3 April 2017.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, that will be rounded up to the nearest whole New Share.

Your Entitlement under the Offer is shown on the accompanying Entitlement and Acceptance Form. Details on how to accept the Offer are set out in Section 3.

1.2 Size of the Offer

As at 6 April 2017, the Company has on issue:

- (a) 49,724,388 Shares (which does not include the Shares to be issued under the Placement); and
- (b) 300,000 Options (which carry no entitlement to participate in the Offer without first being exercised).

On the basis that no Options are exercised prior to the Record Date, approximately 2,486,219 New Shares will be offered under the Offer to raise approximately \$4,972,438, before the expenses of the Offer are taken into account.

Shares issued under the Placement will not be eligible to participate in the Offer.

1.3 Use of Funds

Completion of the Offer will result in an increase in cash in hand of up to approximately \$5 million (before the payment of costs associated with the Offer). Given that the Offer is fully underwritten (see Section 1.7), the Company will receive the full proceeds from the Offer, subject to the termination rights summarised in Section 1.15.

It is currently proposed to use the funds raised under the Offer together with the funds raised under the Placement to fund the new Purchased Debt Portfolio (**PDP**) acquired from a new vendor and the balance to be used to fund future PDP acquisitions and growth opportunities. Funds raised will also be used for the costs of the Offer.

The total funds raised (being approximately \$5 million under the Offer and approximately \$15 million under the Placement) are intended to be allocated as follows:

Description	Total (maximum)
New vendor PDP acquisition	\$14.0 million
Funding for PDP acquisitions and mergers and acquisition opportunities	\$4.9 million
Costs of the Offer (approximately)	\$1.0 million
Maximum funds raised under the Offer and Placement	\$19.9 million

1.4 Opening and Closing Date

The Offer will open for receipt of acceptances on Thursday 13 April 2017. The Closing Date for acceptance of your Entitlement is 5.00 pm (EST) on Monday 1 May 2017.

The Company reserves the right, subject to the Corporations Act and the Listing Rules to extend the last date for receipt of the Entitlement and Acceptance Form, or to delay or withdraw the Offer at any time without prior notice, in which case all Application Monies will be refunded (without interest) as soon as practicable.

1.5 Entitlements under the Offer

The Offer is non-renounceable, and therefore the Entitlements are not transferable and cannot be traded on the ASX or any other exchange or privately transferred. Shareholders will not receive any value if they do not take up their Entitlements. Eligible Shareholders who do not take up their Entitlements in full will have their percentage interest in the Company diluted (see Section 2 for more details).

As described in Section 1.9, any New Shares not taken up by an Eligible Shareholder by the Closing Date will form part of the shortfall.

1.6 Entitlements and acceptance

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document.

All executive key management personnel have indicated their intention to participate in the Offer.

1.7 Underwriting

The Offer is fully underwritten by Bell Potter Securities Limited (**Underwriter**), meaning that the Company will receive the full proceeds from the Offer, subject to certain termination rights. The Company and the Underwriter have entered into a binding underwriting agreement whereby the Underwriter has agreed to underwrite all the New Shares the subject of the Offer at the Offer Price.

A summary of the Underwriting Agreement (including the circumstances in which it may be terminated) is set out in Section 1.15.

1.8 No cooling off rights

Cooling off rights **do not** apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.

1.9 Shortfall

Eligible Shareholders (other than directors and related parties of the Company) may, in addition to taking up their Entitlements **in full**, apply for additional New Shares (**Additional Shares**) in excess of their Entitlements. Additional Shares will only be available where there is a shortfall between Applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Entitlement Offer. Additional Shares will be issued at the Offer Price of \$2.00 per New Share.

The Company may in its discretion allocate Additional Shares to Eligible Shareholders who have applied for them. If there is an over subscription for Additional Shares, then the Company may, in its discretion, elect to scale back applications for Additional Shares.

In the event Eligible Shareholders who apply for Additional Shares are allocated a lesser number of Additional Securities than applied for, or are allocated no Additional Shares, any excess Application Monies will be refunded without interest.

If any shortfall remains after the allocation of Additional Shares to Eligible Shareholders as described above (**Shortfall**), the Shortfall will be dealt with by the Underwriter in accordance with the terms of the Underwriting Agreement (see Sections 1.7 and 1.15). In the event that the Underwriting Agreement is terminated, the Directors reserve the right to issue the Shortfall at their discretion within 3 months after the close of the Offer, at a price not less than the Issue Price of \$2.00 per New Share.

1.10 Issue and despatch

The issue of New Shares offered by this Offer Document is expected to occur on Monday, 8 May 2017. The New Shares will be traded on a normal settlement basis, commencing on Tuesday, 9 May 2017. It is expected that holding statements for the New Shares will be despatched on or about Wednesday, 10 May 2017.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares without making such determination do so at their own risk.

1.11 ASX listing

The Company has made an application for official quotation by ASX of the New Shares offered under this Offer Document. If that permission is not granted by ASX, the Company will not issue any New Shares and all Application Monies received will be refunded in full to the Applicants (without interest). The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

1.12 CHESS

The Company will apply to ASX to participate in CHESS for those Shareholders who have, or wish to have, a sponsoring stockbroker. Shareholders who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, Shareholders will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number (HIN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

1.13 Ineligible Foreign Shareholders

This Offer Document and Entitlement and Acceptance Form are only being sent to Eligible Shareholders with registered addresses in Australia and New Zealand on the Record Date of 7.00pm (EST) on Tuesday 11 April 2017.

The Offer is not being extended to any Shareholders whose registered address is outside Australia or New Zealand. In accordance with the Listing Rules and the Corporations Act, the Company is of the view that it is unreasonable to make the Offer to Ineligible Foreign Shareholders, having regard to:

- (a) the number of Ineligible Foreign Shareholders;
- (b) the number and value of New Shares to be offered to those Ineligible Foreign Shareholders; and
- (c) the cost of complying with overseas legal requirements in those jurisdictions.

Accordingly, no Entitlement and Acceptance Forms will be sent, and no offer will be made, to Ineligible Foreign Shareholders. This Offer Document will be sent to them for information purposes only.

The Offer contained in this Offer Document to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). New Zealand residents who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

To the extent that a person holds Shares on behalf of another person resident outside Australia or New Zealand, it is that person's responsibility to ensure that any acceptance complies with applicable foreign laws.

The Company reserves the right to reject any Application that it believes come from a person who is not an Eligible Shareholder.

1.14 Rights and liability attaching to New Shares

The New Shares issued under the Offer will be on a fully paid basis and will rank equally in all respects with existing Shares. Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours or by contacting the Company Secretary.

1.15 Underwriting Agreement – key terms

In accordance with the Underwriting Agreement, the Underwriter has agreed to fully underwrite all the New Shares the subject of the Offer at the Offer Price. This means that if there is a Shortfall following the close of the Offer, the Underwriter must apply for the

New Shares comprising the Shortfall.

The Underwriter may enter into sub-underwriting agreements in respect of any Shortfall. However, the Underwriting Agreement is not conditional on that having occurred.

Under the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 3% of the amount raised under the Offer as well as a management fee of 2% for the amount raised under the Offer (both amounts being exclusive of GST). The Company has also agreed to pay the Underwriter's reasonable costs and expenses relating to the Offer.

As is customary with these types of underwriting arrangements, the Company has provided a wide range of warranties and representations to the Underwriter, including about the Offer and its compliance with applicable laws. The Company must also comply with certain notification and certification obligations in the event that there is a Shortfall.

The Underwriter may terminate its obligations under the Underwriting Agreement with the Company in circumstances typically found in agreements of this nature (in certain of these circumstances including having regard to the materiality of the relevant events).

These circumstances include (but are not limited to), where:

- (a) either the All Ordinaries Index or the S&P/ASX Small Ordinaries Index is, for three consecutive days at any time after the date of the Underwriting Agreement, 10% or more below its the respective level as at the close of business on the date prior to the date of the Underwriting Agreement;
- (b) either the All Ordinaries Index or the S&P/ASX Small Ordinaries Index is at the close of business on the date the Company must notify the Underwriter of any Shortfall is 10% or more below its respective level as at the close of business on the date prior to the date of the Underwriting Agreement;
- (c) the Company does not proceed with the PDP acquisition referred to in Section 1.3 or the Company makes an announcement that this PDP acquisition will not or may not proceed;
- (d) the ASX will not grant official quotation for the New Shares or the Shortfall Shares;
- (e) the Company withdraws the Offer;
- (f) there is a material adverse change to the operations of the Company and its subsidiaries;
- (g) the Company breaches its obligations under the Underwriting Agreement;
- (h) the Company contravenes any law of regulation or the terms of any of its existing encumbrances;
- (i) there is a change in the capital structure of the Company; and
- (j) hostilities break out in a number of specified countries.

If a termination event occurs, the Underwriter may (but is not required to) give the Company the opportunity to remedy the relevant action that caused the event.

The Company has agreed to indemnify the Underwriter, its officers, employees, agents and advisers (**Indemnified Parties**) against losses incurred in connection with the any claim in relation to the Offer.

2. EFFECT OF THE OFFER

2.1 Effect of the Offer on the capital structure of the Company

The total number of New Shares to be issued under the Offer will be approximately 2,486,219 (the exact number depends on the rounding up of individual holdings).

The table below sets out, for illustrative purposes only, the existing capital structure (before the Offer) together with the impact of the issue of the New Shares under the Offer. It assumes that no Options are exercised prior to the Record Date and that all New Shares are issued under the Offer or placed after the Offer.

Shares	Number
Existing Shares as at 6 April 2017 (not including the Placement)	49,724,388
Maximum number of New Shares issued pursuant to the Offer	2,486,219
Total issued Shares following completion of the Offer	52,210,607
Shares to be issued under the Placement	7,458,658
Total issued Shares following completion of the Offer and the Placement	59,669,265

The above table assumes that no options are exercised before the Record Date. If any options are exercised before the Record Date, the number of Shares on issue in the capital of the Company will increase and the number of New Shares issued under the Rights Issue will also increase. The Company also has on issue a total of 1,100,000 performance and indeterminate rights under its Equity Incentive Plan. These rights do not entitle holders to participate in the Offer unless the rights are vested and converted into Shares. This will not occur prior to the Record Date.

The effect of the Offer will be to increase the number of Shares on issue in the Company by 2,486,219 and increase the cash held by the Company by up to \$5 million (before taking into account the expenses of the Offer). Expenses of the Offer and the Placement are expected to be approximately \$1 million.

2.2 Potential effect on control of the Company

A Shareholder's interest in the Company will be diluted by approximately 13% as a result of the Placement.

However, Eligible Shareholders who take up their Entitlements in full should not have their interest in the Company diluted any further by the Offer (subject to immaterial movements as a result of rounding of Entitlements).

The potential effect the Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand. However, given the structure of the Offer as a pro rata issue and the absence of any existing holders with voting power close to or greater than 20%, the Offer is not expected to have any material effect or consequences on the control of the Company.

The potential effect of the Offer on the control of the Company is as follows:

- (a) If all Eligible Shareholders take up their Entitlements under the Offer, then the Offer will have no significant effect on the control of the Company.
- (b) If some Eligible Shareholders do not take up all of their Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted.
- (c) The proportional interests of Ineligible Foreign Shareholders will be diluted because those Ineligible Foreign Shareholders are not entitled to participate in the Offer.
- (d) Shareholders that apply for Additional Shares (under which any shortfall between Applications received and the number of New Shares proposed to be issued under the Offer may be applied for by those who have accepted their Entitlements in full) may increase their interests beyond their Entitlement. This could result in the dilution of holdings of those who failed to accept their Entitlements in full and those who failed to apply for Additional Shares.
- (e) The Entitlement Offer is fully underwritten by the Underwriter. If no Eligible Shareholder takes up their Entitlement under the Offer then the Underwriter would be required to take up its full commitment under the Underwriting Agreement which would result in the Underwriter, subject to any sub-underwriting arrangements it has entered into, acquiring a maximum of 2,486,219 New Shares under the Offer resulting in a maximum voting power in the Company of 4.2% (following the Placement).
- (f) The Company only has a small number of shareholders with an interest of 5% or more in the Company. Should these shareholders fully participate in the Offer then, while the number of Shares they hold will increase, the Offer will have no significant effect on their current interest in the Company.

3. ACTION REQUIRED BY SHAREHOLDERS

3.1 What Eligible Shareholders may do

The number of New Shares to which you are entitled (your **Entitlement**) is shown on the accompanying Entitlement and Acceptance Form.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted.

As an Eligible Shareholder you may:

- (a) take up all or part of your Entitlement (refer to Section 3.2 below);
- (b) take up all of your Entitlement **and** apply for Additional Shares (refer to Section 3.3 below).
- (c) allow all of your Entitlement to lapse (refer to Section 3.4 below); or

As detailed in Section 1.13, Ineligible Foreign Shareholders cannot take any of the steps set out in Sections 3.2, 3.3 and 3.4.

3.2 Applying for New Shares

You may take up all or part of your Entitlement by completing the Entitlement and Acceptance Form and attaching payment to reach Link Market Services Limited (**Share Registry**) by no later than 5:00pm (EST) on the Closing Date or by paying by BPay®.

The Issue Price for each New Share accepted under your Entitlement is payable on application. You have the following payment options:

- (a) By attaching to your completed Entitlement and Acceptance Form a cheque, bank or money order in Australian currency for the amount of your application money to **“Pioneer Credit Limited”** and crossed **“Not Negotiable”**.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.

- (b) If paying via BPay®:
 - (i) Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPay® by the date and time mentioned above;
 - (ii) you must follow the instructions for BPay® set out in the Entitlement and Acceptance Form;
 - (iii) you do not need to return the Entitlement and Acceptance Form but are taken to make each of the statements and representations on that form; and

- (iv) if you subscribe for less than your Entitlement or do not pay for your full Entitlement, you are taken to have accepted your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

3.3 Additional Shares

As detailed in Section 1.9 above, Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their Entitlements in full, apply for Additional Shares in excess of their Entitlements.

If you wish to subscribe for Additional Shares in addition to your Entitlement, then you should nominate the maximum number of Additional Shares you wish to subscribe for on the Entitlement and Acceptance Form and make payment for your full Entitlement plus the Additional Shares (at the Issue Price of \$2.00 for each Additional Share).

If your payment is being made by BPay®:

- (a) you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make each of the statements and representations on that form; and
- (b) if your payment exceeds the amount payable for your full Entitlement, you are taken to have accepted your Entitlement in full and to have applied for such number of Additional Shares which is covered in full by your Application Monies.

Eligible Shareholders who apply for Additional Shares may be allocated a lesser number of Additional Shares than applied for, or may be allocated no Additional Shares at all, in which case excess Application Monies will be refunded without interest.

3.4 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Shares you currently hold and the entitlement attaching to those Shares will not be affected should you choose not to accept any part of your Entitlement.

3.5 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

3.6 Brokerage

No brokerage is payable by Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for an Entitlement.

3.7 Queries concerning your Entitlement

If you have any queries concerning your Entitlement please contact the Share Registry on 1800 500 095.

3.8 Representations by acceptance

By completing and returning your personalised Entitlement and Acceptance Form, you will be deemed to have represented to the Company and the Underwriter that you are an Eligible Shareholder and that you:

- (a) acknowledge that you have read and understand this letter of offer and your Entitlement and Acceptance Form in its entirety;
- (b) agree to be bound by the terms of the Offer, the provisions of this letter of offer and the Company's constitution;
- (c) authorise the Company to register you as the holder of New Shares allotted to you;
- (d) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (e) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (f) acknowledge that once the Company receives your Entitlement and Acceptance Form or any payment of application monies, you may not withdraw your application or funds provided except as allowed by law;
- (g) agree to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any application monies, at the Issue Price per New Share;
- (h) authorise the Company, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- (i) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) acknowledge that the information contained in this letter of offer and your Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (k) acknowledge that investments in the Company involve risks;
- (l) acknowledge that neither the Company, its related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (m) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and of your holding of Shares on the Record Date;
- (n) authorise the Company to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (o) represent and warrant that the law of any place does not prohibit you from being given this letter of offer and the Entitlement and Acceptance Form, nor does it

prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Offer as an Eligible Shareholder and you represent and warrant to the Company that there has been no breach of such laws or regulatory requirements; and

- (p) you understand and acknowledge that neither the Offer nor the New Shares have been, or will be, registered under the U.S. Securities Act 1933 or any US State or other securities laws in any jurisdiction, and may not be offered, sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act 1933 and any other applicable securities laws.

4. ADDITIONAL INFORMATION REGARDING THE OFFER

4.1 Reliance on Offer Document

The Offer is made pursuant to section 708AA of the Corporations Act without the issue of a prospectus or disclosure document under Chapter 6D of the Corporations Act. This Offer Document is **not** a prospectus, disclosure document or other offering document under the Corporations Act (or any other Australian or foreign law) and has not been lodged with ASIC.

For the Company to rely on the disclosure exemption in section 708AA of the Corporations Act, the Company is required to lodge a "cleansing notice" under section 708AA(2)(f) of the Corporations Act. That notice is required to:

- (a) set out any information that has been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

The Company lodged a cleansing notice in respect of the Offer with the ASX on 6 April 2017.

4.2 Announcements

Eligible Shareholders intending to participate in the Offer should refer to the announcements made by the Company to the ASX. This information is available from the ASX website, www.asx.com.au (ASX Code: PNC), and the Company's website, www.pioneercredit.com.au. Copies of the announcements are also available from the Company Secretary.

4.3 Risks

An investment in New Shares should be regarded as speculative and involves many risks.

Shareholders should carefully consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Shareholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest in the New Shares.

The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

The information in the Offer Document does not constitute a recommendation to subscribe for New Shares and this Offer Document does not purport to contain all the information that you may require to evaluate a possible application for New Shares. You should make your assessment of what information is relevant to your decision to participate in the Offer.

A list of certain specific risks inherent in the Company (which should not be considered exhaustive) is set out in the Placement presentation referred to in the Chairman's letter.

4.4 Taxation implications

Eligible Shareholders should be aware that there may be taxation implications associated with participating in the Offer. The Company does not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

4.5 Governing law

This Offer Document and the contracts which arise on the acceptance of the personalised Entitlement and Acceptance Forms are governed by the laws applicable in Western Australia. Each Eligible Shareholder submits to the non-exclusive jurisdiction of the courts of Western Australia.

4.6 Enquiries concerning this Offer Document

Enquiries relating to this Offer Document should be directed to the Share Registry by telephone on 1800 500 095.

5. DEFINED TERMS

AUD or \$ means Australian dollar.

Additional Shares means New Shares applied for by an Eligible Shareholder that are in excess of the Eligible Shareholder's full Entitlement.

Applicant refers to a person who submits an Entitlement and Acceptance Form.

Application refers to the submission of an Entitlement and Acceptance Form.

Application Monies means monies payable by Applicants in respect of their Applications.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as appropriate.

Board means the board of Directors.

Closing Date means the closing date of the Offer being 5.00pm (EST) on Monday, 1 May 2017 (subject to the right of the Company to vary the date without notice).

Company means Pioneer Credit Limited (ACN 103 003 505).

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia or New Zealand.

Entitlement means the entitlement to subscribe for 1 New Share for every 20 Shares held by an Eligible Shareholder on the Record Date and as set out in the Entitlement and Acceptance Form and **Entitlements** has a corresponding meaning.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

EST means Australian Eastern Standard Time

Ineligible Foreign Shareholder means a Shareholder, at the Record Date whose registered address is not situated in Australia or New Zealand.

Issue Price means \$2.00 per New Share.

Listing Rules means the listing rules of the ASX.

New Shares means the Shares proposed to be issued pursuant to this Offer.

Offer means non-renounceable pro rata offer of New Shares on the basis of 1 New Share for every 20 Shares held on the Record Date at the Issue Price pursuant to this Offer Document.

Offer Document means this Offer Document dated 6 April 2017.

Opening Date means the opening date of the Offer being Thursday, 13 April 2017 (subject to the right of the Company to vary the date without notice).

Option means an unlisted option to subscribe for Shares.

PDP means Purchased Debt Portfolio.

Placement means the issue of 7,458,658 fully paid ordinary shares in the Company at \$2.00 per share to sophisticated and professional investors as announced to the ASX on 6 April 2017 and expected to complete on 12 April 2017.

Record Date means 7.00pm (EST) on Tuesday, 11 April 2017.

Section means a section of this Offer Document.

Share means an ordinary fully paid share in the capital of the Company.

Share Registry means Link Market Services Limited.

Shortfall and **Shortfall Shares** means those New Shares under the Offer not applied for by Shareholders pursuant to the Offer Document by the Closing Date.

Shareholder means a holder of Shares.

Underwriter means Bell Potter Securities Limited (ACN 006 390 772).